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...the study of the nature, uses and functions of information, and the ways in which it is created, communicated, evaluated and utilised as such [10, p. 10].

The 'communication' field is defined as:

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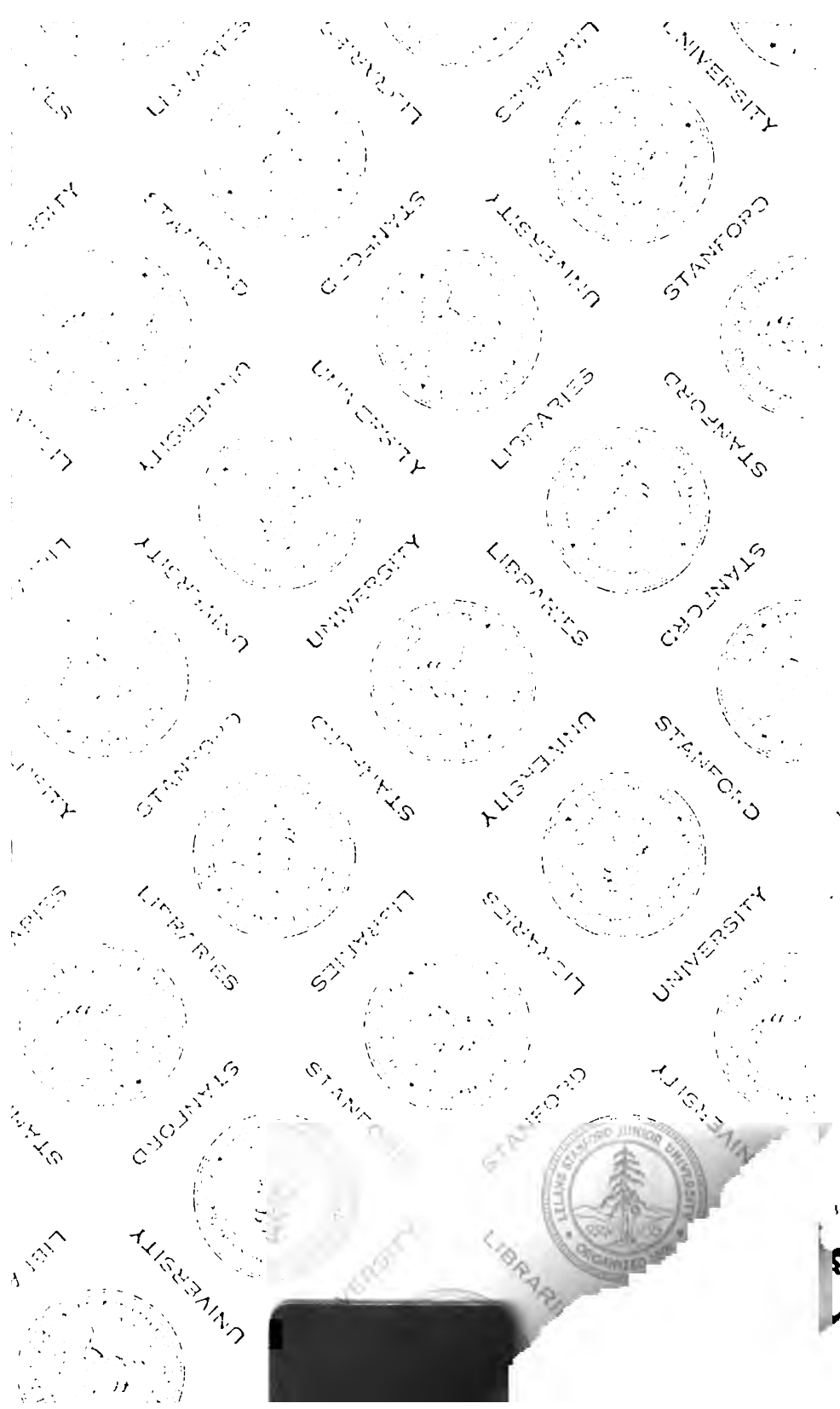
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SECOND DEFICIENCY APPROPRIATION BILL, 1919

HEARINGS

BEFORE

SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS

CONSISTING OF

**Messrs. SWAGAR SHERLEY (CHAIRMAN), JOHN J. EAGAN,
THOMAS UPTON SISSON, JOSEPH G. CANNON,
AND WILLIAM S. VARE**

IN CHARGE OF

**DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR
1919 AND PRIOR FISCAL YEARS**

SIXTY-FIFTH CONGRESS

THIRD SESSION

REPEAL OF APPROPRIATIONS



**WASHINGTON
GOVERNMENT PRINTING OFFICE
1919**

1270

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

HEARINGS CONDUCTED BY THE SUBCOMMITTEE, MESSRS. SWAGAR SHERLEY (CHAIRMAN), JOHN J. EAGAN, THOMAS U. SISSON, JOSEPH G. CANNON, AND WILLIAM S. VARE, OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCIES FOR THE FISCAL YEAR 1919 AND FOR PRIOR YEARS.

MONDAY, DECEMBER 2, 1918.

MILITARY ESTABLISHMENT.

STATEMENTS OF HON. NEWTON D. BAKER, SECRETARY OF WAR, MAJ. GEN. GEORGE W. GOETHALS, MR. BERNARD M. BARUCH, CHAIRMAN, AND MR. GEORGE N. PEEK, VICE CHAIRMAN, WAR INDUSTRIES BOARD.

REPEAL OF APPROPRIATIONS.

GENERAL STATEMENT.

The CHAIRMAN. Mr. Secretary, there has been appropriated in round figures nearly twenty-four and a half billion dollars for the various corps of the Army, and quite a respectable percentage of that sum appropriated very recently. The signing of the armistice and the cessation of hostilities have, of course, reversed the position that confronted the Government touching expenditures, and the committee is anxious to ascertain what might be done looking toward covering back into the Treasury such portion of the cash which has been appropriated and the cancellation of such contract authorizations as might be possible. Suppose you tell us just what steps the department has taken looking to the curtailment of what would now be unnecessary activities and expenditures.

Secretary BAKER. At the outset, Mr. Chairman, it will be necessary to safeguard ourselves against misunderstanding in the use of these figures. I have here some financial statements which I am going to leave with you which were doubtless accurate at the time they were made, and Gen. Goethals has supplied you with some others which were accurate at the time they were made. If it will be remembered, however, that the business transactions of the department are in a state of very rapid flux at this moment, and everybody is working on the problem of cancellation of orders and the retrenchment of expenses, there will be no mystification about the disparity between figures; and it will also have to be remembered that some of the figures given are estimates and some of them actual savings. Another observation I think I ought to make at the beginning is that

the department is not in position at this moment to say to you in gross figures just how much can be covered back into the Treasury, and probably the only way that can be discovered is the way you have determined to proceed, by taking up in detail the several items and going over with the appropriate officer of the department the work they have been already able to do, and then you can cover back what is actually saved, and at a later time, perhaps, cover back further sums.

The statement I have before me shows total appropriations of \$24,281,000,000. Of those up to October 31 there had been disbursed in the United States \$9,159,000,000 and in France there had been disbursed \$1,168,000,000. The total amounts obligated and disbursed together, both in Europe and America, aggregate \$14,753,000,000, and there remain unobligated \$9,528,000,000. If you will add together the amounts disbursed in Europe and America, practically \$10,250,000,000, you will find that the amounts obligated and disbursed of \$14,500,000,000 leaves about \$4,250,000,000 of obligated but not disbursed funds.

Mr. GILLETT. Mr. Secretary, may I ask you a question, or would you rather go on with your statement and not be interrupted at this time?

Secretary BAKER. Oh, not at all; I am not at all disconcerted by having you ask me questions.

Mr. GILLETT. I wondered whether the nine or ten billion dollars which you say was expended up to October 31 all came out of this year's appropriations?

Secretary BAKER. No, sir; these are the aggregate appropriations for war purposes.

Mr. GILLETT. So a great deal of it, and probably the larger part of it, was from last year's appropriations?

Secretary BAKER. Undoubtedly.

Mr. GILLETT. I thought perhaps that would not apply to this \$24,000,000,000.

Secretary BAKER. Yes; it is all included. It is the total appropriation for war purposes, and I am seeking to exhibit by this statement that we have actually expended about ten and a quarter billion dollars in the War Department.

Mr. GILLETT. From the beginning of the war?

Secretary BAKER. Yes.

Mr. GILLETT. I thought you meant this year.

Secretary BAKER. No; from the beginning of the war we have obligated and spent together fourteen and a half billion dollars, leaving about four and a quarter billion dollars which are obligated but not yet disbursed, and we have nine and a half billion dollars which are unobligated as yet. Now, up to the present time, which is the time this chart was made, about three or four days ago, we have estimated savings to result from contracts canceled, terminated, or reduced since and after November 11 of \$2,052,000,000, so that roughly out of the four and a quarter billion dollars obligated we are saving about \$2,052,000,000. The savings are shown here in detail and the cancellations are shown here in detail.

a matter of fact, I think Gen. Goethals's figures will show a larger from cancellations than the \$2,052,000,000. I think in Gen. s's figures it is about \$2,600,000,000, although I have not seen revision of his figures.

ESTIMATES SAVINGS FROM CONTRACTS CANCELED, TERMINATED, OR REDUCED.

Those items, if the items are of any special importance, are about as follows: In the Ordnance Department, estimated savings from contracts canceled, terminated, or reduced in view of the armistice are \$800,000,000; in the Medical Department, the figures I have are \$82,000,000; Signal Corps, \$10,000,000; Engineer Corps, \$229,000,000; Aircraft Production, \$402,000,000; Military Aeronautics, \$5,000,000; Chemical Warfare, \$29,000,000, and the Quartermaster Corps, \$480,000,000.

The CHAIRMAN. Mr. Secretary, there is no advantage, and perhaps some disadvantage, in undertaking to compare these respective statements, but just in order that the broad differences may appear, in point of fact the figures that have been prepared by Gen. Goethals's department show an estimated saving of obligations, \$1,540,000,000 in round figures, which is less than your estimate.

Secretary BAKER. Then the difference must come from the fact that in some of these bureaus they have included unobligated funds as a part of the anticipated saving. That must be the difference.

MEDICAL DEPARTMENT.

The CHAIRMAN. This statement shows on its face a difference in the Medical Department. They figure \$54,000,000 in round figures, the engineers figure \$159,000,000 in round figures, and reading those two—

Secretary BAKER (interposing). Have you the details from the Medical Department? Perhaps that would be as good a place to straighten out the difference as any.

The CHAIRMAN. The Medical Department's statement is not very elaborate, but their figures show a total appropriation of \$469,188,948. They show disbursements to October 21 of \$253,221,455.52.

Secretary BAKER. I do not have that figure at all. The disbursements they show here in the United States are \$137,000,000, and in France, \$20,000,000, making \$157,000,000 disbursed; and then they show obligated and disbursed \$390,000,000, leaving a balance obligated of \$70,000,000.

The CHAIRMAN. Their next figure show a balance of \$207,967,492.48, and unpaid obligations as of November 11 of \$195,506,145, an unobligated balance of \$12,461,347.48, and they then figure an estimated saving on obligations existing November 11 of \$54,145,513.73, and a total estimated saving of that amount.

Secretary BAKER. It is perfectly obvious that the figures are reconcilable without further information than we have.

The CHAIRMAN. I do not think it is desirable to undertake at this time to check these figures.

Secretary BAKER. The whole point of bringing this statement is that they are made by purchasing bureaus and that they are at least accurate in setting up the amounts appropriated and the amounts expended up to particular days, and then the question as to how far unobligated funds are in fact obligated by anticipated purchases and things of that kind will have to be worked out in detail by the bureaus.

The CHAIRMAN. If I understood your statement, on the basis of the figures you have before you, you figure something over \$2,000,000,000 of saving to be made out of the existing obligations, or what are called unpaid obligations, and you figure something over \$9,500,000,000 of moneys appropriated but not obligated.

Secretary BAKER. Yes.

The CHAIRMAN. Which would indicate a total saving of close to \$12,000,000,000.

Secretary BAKER. No; I think not. I do not think it is possible to assume that the entire amount of unobligated funds will be free for covering back into the Treasury. I think some of the unobligated funds may cover expenditures which will still be found necessary.

The CHAIRMAN. However, that would represent presumably a very small percentage.

Secretary BAKER. Yes; I should think that would be relatively a small part of it. Since I have here a statement that covers all that the department has done, perhaps if I would just read it and let it get into the record in this form, it would cover the matter about as well as any spontaneous statement I could make to you [reading]:

PREPARATION FOR METHODS OF SUSPENSION AND TERMINATION OF CONTRACTS.

When at the close of the week of November 9 it seemed likely that the armistice would be signed, preparations were immediately begun to outline a policy and method of suspension and termination of contracts. It was recognized that this problem was both a very delicate and complicated one on account of the vastness of the industry that was engaged in the production of war material, and, furthermore, because the industries were at that time working at a rate of production never before attained.

It was therefore decided that in suspending or terminating contracts and work it was advisable to use the instrumentalities and agencies that had been developed in stimulating work, namely, the expert and experienced commodity and procuring sections of the War Department, seeking the advice of the War Industries Board as to the condition of various industries and conditions surrounding the industries in various localities, and also the Department of Labor in connection with the unemployment, congestion and housing conditions in various portions of the country.

Supply Circular No. 88 outlines the main contract provisions of the standard contract adopted by the War Department, and on page 5, article 7 thereof, on cancellation or termination before completion and especially section 2 thereof on termination in the public interest, were taken into special consideration. By reason of the date of this supply circular, September 7, it is true that all contracts do not contain these standard clauses, but it is thought to make the policy applicable wherever possible, both where the contracts do contain such cancellation clauses and where they do not.

Supply Circular No. 111 was prepared before the signing of the armistice and released promptly on Monday morning, November 11, on receipt of information of the signing of the armistice, outlining the method of termination of contracts in the public interest and the various factors which should be taken into consideration therewith.

On Saturday, November 9, conferences were also held with the officials of the War Industries Board and the method of handling terminations and suspensions agreed upon, and Supply Circular No. 112 was issued early Monday morning, November 11, which contained instructions to supply bureaus of the Army on the reduction and cancellation of contracts and the relations between the War Department and the War Industries Board.

On Monday, November 11, instructions were issued to all the bureaus that overtime and Sunday work in connection with facilities and production for the Army should cease, and that wherever a day and night shift or three eight-hour shifts had been working they will be continued until the force on the night shift may be absorbed either in other industries or a large portion in the work of these plants in the normal eight-hour day, and that operations under all contracts on which no work has yet been done should be suspended and held up for final adjustment.

On November 11 also the matter of how best to secure the advice and assistance of the War Industries Board and Department of Labor in connection with the problem of readjustment was taken up and incorporated in a letter to Mr. Baruch, chair-

man of the War Industries Board, outlining the method of procedure, which was accepted and adopted by the War Industries Board.

On November 13 Supply Circular No. 114 was issued, being an interpretation and an extension of Supply Circular No. 112, referred to above.

The CHAIRMAN. What was that method, Mr. Secretary?

Secretary BAKER. When we are proposing to cancel them we send all contracts over to the War Industries Board as a means of notifying them that we are going to cancel that contract, and that that will relieve raw material to the extent involved in the contract; and it gave the War Industries Board an opportunity to release the raw material which would be released from that contract for civilian consumption.

The CHAIRMAN. That seems to have been simply a notification of a purpose subsequently carried into effect. In point of fact, do you ask the War Industries Board's judgment as to whether or not conditions are such as to make it desirable to cancel them?

Secretary BAKER. The War Industries Board assumes no responsibility in the matter. The War Department is responsible for the cancellation of the contract, but we do take the advice of the experts of the War Industries Board as to the condition of trades in which cancellations are proposed.

The CHAIRMAN. I was not speaking of responsibility. Of course, responsibility must rest, no matter what procedure is adopted, on the War Department.

Secretary BAKER. Surely.

The CHAIRMAN. But the question was whether, in point of fact, the War Industries Board was asked to express views on the wisdom of the cancellation and to what extent their views would be accepted.

Secretary BAKER. A notion got abroad in the public prints that the War Industries Board had a veto on cancellations. That is not accurate. The War Department's agents, Mr. Crowell and his associates, endeavor to learn from the War Industries Board the condition of the various industries, and from other sources as well, and they try to use the judgment and advice of the War Industries Board; but the final process, as it appeared, is a notification from the War Department to the War Industries Board that the particular contract is going to be canceled or terminated in a particular way.

The CHAIRMAN. Is that action taken always after hearing from the War Industries Board or is it taken irrespective of them?

Secretary BAKER. It is taken irrespective of them to start with. I think I am right about that, am I not, Mr. Peek?

Mr. PEEK. I think so, generally speaking, although I did not hear all of your statement.

Secretary BAKER. We can get it all straight in the record by taking it up among ourselves here now. Your experts are in actual conference with Mr. Crowell, Gen. Goethals, and Gen. Williams and others with regard to trade conditions and industrial conditions throughout the country.

Mr. PEEK. Yes. Of course, we do not know that they bring them all in. They have brought them in, we presume, within the limitations defined in your circulars 111 and 112, and then the various commodity section chiefs advise with the representatives of the department in regard to the conditions in each industry and in each

locality where there seems to be a danger signal in some particular locality.

Secretary BAKER. That is what I thought the process was.

Mr. GILLET. It seems to me that does not quite answer the Chairman's question as to whether in any instance you cancel a contract before ascertaining from the War Industries Board their opinion on it.

Secretary BAKER. There are a number which have been canceled without asking their judgment about it, a very large number. Where manufacturers come in and say, "We are ready to go into other pursuits," we do not feel there is any necessity for such action. Where a doubt arises the conference would doubtless be held [reading]:

ASSISTING MANUFACTURERS TO GET INTO CIVILIAN PRODUCTION.

Another way of assisting manufacturers to get into civilian production and allowing the tapering off of production for war purposes was to extend the time of deliveries of such portions of contracts for the War Department that were still to be maintained, which was automatically put into effect by withdrawing all army priorities so that manufacturers could put civilian work ahead of war work, and this was incorporated in Supply Circular No. 115, issued under date of November 15.

In anticipation of the amount of material that would be required for the Government for this reduced program, an estimate had to be made so that the bureaus could start promptly on termination, suspension, and reduction of contracts, and, furthermore, after having taken such an estimated basis, the method of procedure of termination of contracts must be decided upon in view of the various stages of completion of components entering into the manufacture of the completed articles. This was especially true of artillery ammunition and artillery, where there is a great discrepancy in the completion of various components entering into the finished article. A study along this line was made and a method suggested, taking into consideration the amount on hand and work in process of the various components entering into the finished article. This was contained in letter of November 15, addressed to Ordnance, with charts of components of artillery and artillery ammunition attached thereto.

Some of the larger problems of the best disposition of large quantities of raw material, such as wool, were also taken up with the War Industries Board under date of November 9. It will be remembered that the War Department took the entire wool clip of 1918 and all importations into the United States were made for its account. On account of the preparation for a very large army in Europe for the coming year, this wool clip was necessary as well as the material then in course of production, but with the armistice this left not only a large surplus of wool on hand but also clothing already produced and in process was more than sufficient to take care of all the men throughout the period of demobilization. The problem of disposition of the wool and the best method of terminating these contracts in particular had to be seriously considered. One of the first steps that was taken was to stop the cutting of cloth into uniforms, because from the standpoint of the civilian population of the United States and the standpoint of the needs of the civilian population of the allies it would be a waste to continue cutting good cloth into shapes which are not needed and which is so sorely needed by the civilian population here and in Europe.

Similarly, action was taken in regard to cutting of hides into harness and saddlery, of which a large amount is on hand.

Both these steps took care of gradually tapering off work as work was continued on material that had been cut and was in process of manufacture.

The general policies of the War Department were expressed in a statement given to the public under date of November 18 by Assistant Secretary Crowell, which is largely covered in the details given above.

Many telegrams have been received from manufacturers, both individually and emanating from associations, and many interviews with manufacturers and representatives of associations of manufacturers have taken place in Washington, and, in general, they recognize the justice of the position taken by the War Department and the fairness of the method of the terminations and suspensions of contracts.

It is recognized that not only justice in the termination of contracts and due regard for the industries and of continued employment of labor are essential, but also promptness in the settlement of the amount duly contracted thereunder is vital and the policy

of the War Department in this regard is expressed in a statement of Assistant Secretary Crowell under date of December 2, attached hereto.

To date the total recommendations for termination of contracts amount to approximately \$2,613,000,000, which is distributed as follows:

Ordnance.....	\$1,112,000,000
Director of Purchase and Storage (Quartermaster).....	796,000,000
Aircraft.....	279,000,000
Surgeon General.....	36,000,000
Signal Corps.....	86,000,000
Chemical Warfare.....	154,000,000
Construction Division.....	150,000,000
Total.....	2,613,000,000

They may be classified by industries as follows:

Powder, smokeless powder, explosives, etc.....	275,000,000
Artillery, artillery ammunition, etc.....	750,000,000
Rifles, machine guns, etc.....	53,000,000
Vehicles.....	52,000,000
Motor vehicles.....	282,000,000
Rolling kitchens, ranges, etc.....	14,000,000
Shoes, Harness, and other leather goods.....	70,000,000
Textiles (cloth, etc.).....	264,000,000
Rubber goods.....	4,000,000
Airplane parts.....	256,000,000
Telephone and radio equipment and other Signal Corps apparatus.....	83,000,000
Chemicals and miscellaneous apparatus for the Surgeon General.....	89,000,000
Gas-defense equipment.....	130,000,000
Barbed wire.....	4,000,000
Demolition outfits.....	9,000,000
Lenses, glasses, and compasses.....	5,000,000
Iron and steel products, structural steel, railway material, etc.....	53,000,000
Construction division material and facilities.....	150,000,000
All other items.....	70,000,000
Total.....	2,613,000,000

About 40 per cent of this total has so far been classified by States, and this is shown approximately as follows:

Massachusetts.....	\$231,000,000	Georgia.....	\$1,100,000
Michigan.....	143,000,000	Texas.....	1,100,000
Connecticut.....	55,000,000	Delaware.....	1,100,000
New York.....	99,000,000	Oklahoma.....	1,100,000
Pennsylvania.....	99,000,000	Vermont.....	1,100,000
Ohio.....	99,000,000	Colorado.....	1,100,000
Missouri.....	99,000,000	Washington.....	1,100,000
Illinois.....	55,000,000	Louisiana.....	1,100,000
Tennessee.....	55,000,000	Nebraska.....	330,000
Indiana.....	44,000,000	Kansas.....	330,000
New Jersey.....	25,300,000	Utah.....	220,000
Rhode Island.....	11,000,000	North Dakota.....	220,000
Wisconsin.....	11,000,000	Arkansas.....	220,000
Maine.....	11,000,000	Alabama.....	220,000
New Hampshire.....	11,000,000	Florida.....	110,000
Minnesota.....	11,000,000	Mississippi.....	20,000
Virginia.....	5,500,000	South Carolina.....	20,000
California.....	4,400,000	District of Columbia.....	3,300,000
North Carolina.....	3,300,000	Maryland.....	2,200,000
Iowa.....	3,300,000	Canada.....	440,000
Oregon.....	3,300,000	Japan.....	70,000
Kentucky.....	2,200,000		
West Virginia.....	2,200,000	Total.....	1,100,000,000

SUPPLY CIRCULAR No. 88.

WAR DEPARTMENT,
PURCHASE, STORAGE AND TRAFFIC DIVISION,
GENERAL STAFF,
Washington, September 7, 1918.

Subject: Contract provisions.

1. The following contract provisions shall be inserted in all formal fixed-price contracts hereafter made by the various supply bureaus of the War Department, subject to the provisions of this circular:

(1) COMPONENT PARTS AND MATERIALS FURNISHED BY UNITED STATES.

(a) The United States shall furnish to the contractor f. o. b. cars at or near the contractor's plant (the contractor, however, to pay all demurrage and switching charges), the component parts and materials, if any, listed in the attached Schedule —, at such times and in such quantities as in the opinion of the contracting officer will enable the contractor to perform this contract in accordance with its terms. The United States shall reimburse the contractor for any loss, damage, or additional expense sustained or incurred by the contractor as a direct and necessary result of the failure of the United States so to furnish such component parts and materials, which amount shall be determined by agreement between the contractor and the contracting officer, and in the event of their failure to agree, shall be determined in the manner and with the effect provided in the article hereof entitled "Adjustment of claims and disputes."

(b) The United States may, at its option, furnish to the contractor any or all of the component parts and materials for the performance of this contract at any time before the contractor, in good faith, shall have made commitments for the same, and the United States may thereupon deduct from any payments due to the contractor hereunder the cost to the United States of such component parts and materials, including the cost of delivery f. o. b. cars at or near the contractor's plant, such deduction, however, not to exceed the amount for which the contractor might have acquired the same.

(c) Any component parts and materials furnished by the United States under the above subdivisions (a) and (b) shall comply with the requirements of this contract and shall at all times remain the property of the United States, unless paid for by the contractor as above provided. The contractor shall use, and be responsible to the United States for, due and proper care in using, protecting, handling, and storing component parts and materials so belonging to the United States, and, except to the extent that the contract may provide that such component parts and materials shall become the property of the contractor, shall account to the United States for the same, either in finished product, scrap, unused component parts and materials, or otherwise, and shall make such disposition thereof, for the account of the United States, as the contracting officer may direct in writing.

(2) PACKING, BOXING, AND MARKING.

The articles or work shall be packed, boxed, and marked by the contractor in the manner provided in the attached Schedule —, or, in the absence of specific provisions therein, in accordance with the directions of the contracting officer.

(3) CHANGES IN DRAWINGS AND SPECIFICATIONS.

Changes in the drawings and specifications forming a part of this contract may be made from time to time by the contracting officer by giving written notice of such changes to the contractor. The contract price or compensation of any articles or work manufactured or performed in accordance with such changed drawings and specifications shall be modified to conform to any increase or decrease in the cost of manufacture or performance due to such changes. The contractor's time for performance of this contract shall be extended to cover any delay in performance caused to the contractor by such changes. The amount of such increase or decrease in price or compensation, as well as of any extension of time for performance, shall be determined by agreement between the contractor and the contracting officer, and in the event of failure to agree shall be determined in the manner and with the effect provided in the article hereof, entitled "Adjustment of claims and disputes."

(4) INSPECTION.

The articles or work are subject to observation, inspection, and tests by the United States at any and all times during manufacture or performance, in order to determine their compliance with the requirements of this contract, and are subject to acceptance or rejection by the United States at ———. For these purposes the United States may maintain an inspector or inspectors at the plants or places, where and during the time this contract is being performed. Such inspectors may reject any and all articles of work, or components thereof, and materials found not to be in compliance with the requirements of this contract. No preliminary test or acceptance shall preclude the United States from rejecting any articles or work upon final inspection or test at completion. The contractor shall furnish all reasonable facilities and assistance requested by such inspectors for the performance of their duties. Inspections and tests by the United States shall be carried out in such a manner as not unduly to delay the performance of this contract by the contractor. Nothing contained in this article shall limit or annul any inspection or test which may be called for by the drawings and specifications forming a part of this contract. No inspection, acceptance, or payment under this contract shall deprive the United States of any claim against the Contractor hereunder by reason of fraud or deception, or by reason of latently defective articles, materials, or workmanship.

NOTE.—The contracting officer may in his discretion amplify the above provision to contain the following sentence: "The contractor shall not sell or otherwise dispose of any rejected articles of work without giving the contracting officer ——— days' notice of intention so to do and without giving the United States the opportunity during such period of purchasing such rejected articles or work at a price or prices to be mutually agreed upon, but not in excess of the contract price."

(5) STORAGE.

The contractor agrees to provide, at its expense, storage facilities at or near its plant sufficient for the storage of ——— days' production of the articles or work at the maximum rate of deliveries or performance herein provided, and to utilize such storage facilities during the life of this contract for the storage of any accepted articles or work which the contracting officer may require be stored therein. Any such articles or work shall be adequately and safely stored by the contractor at the contractor's expense. The contract price or compensation of accepted articles or work so stored shall be paid by the United States upon the storage of such articles or work, but neither such storage nor such payment shall relieve the contractor of its obligations to bear the expense of ultimately delivering such articles or work in the manner and at the place or places specified in this contract. In case any such articles or work are not so delivered, the contractor shall refund to the United States any sums paid by the United States with respect thereto which the contractor is not entitled to retain under the provisions of his contract.

NOTE.—The foregoing provisions on storage are to be regarded as a model only, and not necessarily as a standard form. Each supply bureau will adapt these provisions to its own requirements.

(6) DELAYS DUE TO CAUSES BEYOND CONTRACTOR'S CONTROL.

The contractor shall not be held responsible for, or be deemed to be in default hereunder by reason of, delays in the performance of this contract caused by strikes, fires, explosions, riots, acts of God, failures of transportation, or other causes beyond the control and without the fault of the contractor, including delays caused to the contractor by the direct act or failure to act of the United States, and the contractor's time for performance of this contract shall be hereby extended to cover the delay in performance so caused to the contractor: *Provided*, That the contractor shall have immediately and fully notified the contracting officer of any such cause of delay and shall have used its best efforts promptly to remove the same and to obviate the effects thereof: *And provided further*, That such delay shall not have been due to the contractor's failure to comply with any of the provisions of this contract. The contractor shall proceed with the performance of this contract as soon as, and to the extent that, any such cause of delay shall have been removed. The United States, however, shall have the right, by giving written notice to the contractor, to relieve itself in whole or in part from the obligation to accept the delivery or performance of the articles or work which has been so delayed, in which event the United States shall make payments to and protect the contractor (with respect to the articles or work as to which the

United States shall have relieved itself of the obligation to accept delivery or performance) in the same manner as provided in section 2 of the article hereof entitled "Cancellation and termination before completion."

(7) CANCELLATION AND TERMINATION BEFORE COMPLETION.

SECTION 1. Cancellation for contractor's default.—In the event of the contractor's default in making deliveries at the times and in the quantities herein specified, or in performing the work at the times and in the manner herein provided, the contracting officer may at any time and from time to time, at his option, by giving written notice to the contractor, cancel on behalf of the United States the delivery or performance of all or any part of the articles or work then in arrears, and such cancellation shall be deemed to be effective from such date as may be specified in said notice.

Articles or work completely manufactured or completely performed in accordance with the requirements of this contract at the date any cancellation above permitted is to become effective shall be accepted, and upon delivery shall be paid for by the United States at the contract price or compensation. Any such cancellation shall be without prejudice to any other rights or remedies or to any claim against the contractor which the United States may have by reason of such default or otherwise.

SEC. 2. Termination in public interest.—If, in the opinion of the chief of the bureau, the public interest shall so require, this contract may be terminated by the United States by — days' notice in writing from the contracting officer to the contractor, and such termination shall be deemed to be effective upon the expiration of — days after the giving of such notice, and shall be without prejudice to any claims which the United States may have against the contractor under this contract. After the receipt of such notice the contractor shall not order any further materials or facilities, or enter into any further subcontracts, or make any further purchases in connection with the performance of this contract, without written consent previously obtained from the contracting officer, but inspection of the completed articles or work and acceptance thereof by the United States in accordance with the terms of this contract shall continue during such period of — days as though such notice had not been given.

In the event of and upon such termination of this contract prior to completion, as provided in this section 2, for any reason other than the default of the contractor, the United States shall make payments to and protect the contractor as follows:

(a) The United States shall pay to the contractor the contract price or compensation, not previously paid, for all articles or work completely manufactured or completely performed in accordance with the requirements of this contract at the date such termination becomes effective.

(b) The United States shall reimburse the contractor for such proportion of the contractor's expenditures (other than expenditures for plant, facilities, and equipment solely provided for the performance of this contract) made by the contractor in good faith, in connection with the performance of this contract, as is fairly and properly apportionable to the articles or work the delivery or performance of which is so terminated, plus — per cent of the amount so ascertained. Any raw materials, articles in process of manufacture, and other property so paid for shall become the property of the United States.

(c) The United States shall protect the contractor against such proportion of the contractor's outstanding obligations, incurred by the contractor in good faith in connection with the performance of this contract, as is properly and fairly apportionable to the articles or work, the delivery or performance of which is so terminated.

The facts to be determined under the above subdivisions (b) and (c) shall be determined by agreement between the contractor and the contracting officer, and in event of their failure to agree shall be determined by three persons, one to be appointed by the contractor, one by the contracting officer, and the third by these two.

NOTE.—The contracting officer may, in his discretion, amplify the above provision so as to provide that any such determination shall be reached with due regard to the provisions of the pamphlet defining costs of manufacture, which may be in use in the particular bureau.

(d) The United States shall also pay to the contractor on account of depreciation or amortization of plant, facilities, and equipment, solely provided by the contractor at its expense for the performance of this contract, an amount to be determined as follows: As soon as conveniently may be done after such termination of this contract, the fair market value of such plant, facilities, and equipment at the time of such termination shall be determined by an appraisement to be made by three appraisers, one to be appointed by the contractor, one by the contracting officer, and the third by these two. The United States shall then pay to the contractor such part of the

amount by which the cost to the contractor of such plant, facilities, and equipment shall exceed such appraised fair market value thereof as shall be fairly and properly apportionable to the articles or work the delivery or performance of which is so terminated; and in determining what amount is so fairly and properly apportionable due regard shall be had to the extent to which this contract shall have been performed and the extent to which the cost of said plant, facilities, and equipment should be regarded as having been absorbed by such performance. The amount so fairly and properly apportionable shall be determined by agreement between the contractor and the contracting officer, if possible, and in the event of their failure to agree shall be determined by three persons, one to be appointed by the contractor, one by the contracting officer, and the third by these two.

In the event of the termination of this contract under this section 2, any and all obligations of the United States to make any payments to the contractor under this contract, other than those specified or provided for in this section 2, and in the article hereof entitled "Patent infringements," shall at once cease and determine.

SEC. 3. *Assignment of subcontracts.*—In the event of the cancellation and termination of this contract, pursuant to the provisions of the above section 1 or 2, the contractor shall, upon the request of the contracting officer, assign to the United States, or to such person as the contracting officer may direct, the unperformed portion of any or all contracts and subcontracts made by the contractor in contemplation of or in connection with the performance of this contract. In the event of the failure of the contractor to assign any such contract or subcontract as herein provided, this contract shall operate as such assignment. It is understood that such assignment in and of itself shall not compel the United States to assume or become responsible for any obligation of the contractor which has arisen prior to such assignment by reason of the contractor's performance of, or failure to perform, the contract or subcontract so assigned.

SEC. 4. *Taking possession of contractor's plant.*—In the event of the cancellation or termination of this contract, pursuant to the provisions of the above section 1 or 2, the United States may proceed at the contractor's plant to complete the manufacture or performance of the articles or work herein contracted for, or any part thereof, as well as to manufacture additional articles or perform additional work out of materials and property then on hand for the performance of this contract, and for these purposes may take possession of and use any or all of the plants and properties of the contractor used in the performance of this contract.

If the United States shall take possession of and use any of the plants and properties of the contractor as above permitted, the United States shall pay to the contractor such reasonable sum for the use thereof as may be agreed upon between the contracting officer and the contractor, or, if they fail to agree, as may be determined in the manner and with the effect provided in the article hereof entitled "Adjustment of claims and disputes." Such plants and properties shall be occupied and used by the United States without cost or expense to the contractor; the United States, however, reserving any claim which it may have against the contractor under this contract.

(8) ENCUMBRANCES.

The contractor agrees not to create or suffer to be created any lien or encumbrance against the articles or work or against any property entering into their manufacture or performance, and in the event any such lien or encumbrance is created, the contractor agrees promptly to pay and discharge the same or to furnish proper bond or security to have the same released, to the end that the articles or work may become the property of the United States free and unencumbered. In case the contractor shall fail to pay and discharge any such lien or encumbrance or to furnish proper bond or security to have the same released, the United States may do so at the contractor's expense and may deduct from any payments due to the contractor hereunder the amount of any expense so incurred by the United States.

(9) PLANT PROTECTION.

The contractor shall take all reasonable precautions for the protection of the plant and property to be used in the performance of this contract, and the work in progress hereunder, against espionage, fire, explosion, acts of war, and acts of enemy aliens, and shall provide such additional watchmen and devices, and adopt such particular measures for the protection of such plant, property, and work as the contracting officer shall from time to time direct. The contractor shall, when required, report to the contracting officer the citizenship, country of birth, or alien status of any or all of its employees. When required by the contracting officer, the contractor shall refuse

to employ, or, if already employed, shall forthwith discharge from employment and exclude from its plants, any person or persons designated by the contracting officer, for cause, as undesirable for employment in a plant engaged on work for the United States. Failure to comply with any or all of the provisions of this article shall render the contractor responsible for all loss or damage to the United States arising from any of the hazards herein sought to be guarded against and shall also be cause for the cancellation of this contract. The United States shall pay to the contractor as an addition to the contract price or compensation, or as part of the cost of the articles or work herein contracted for, any additional expense incurred by the contractor, which, in the opinion of the contracting officer, is an additional expense created by the enforcement of this article and resulting from action taken by the contractor beyond or in addition to said above-mentioned reasonable precautions.

(10) CONTRACT NOT TRANSFERABLE.

Neither this contract, nor any interest herein, shall be transferred by the contractor to any other party, except to the extent permitted by section 3477, United States Revised Statutes.

NOTE.—See section 3737, Revised Statutes.

(11) SUBCONTRACTS.

No contract shall be made by the contractor with any other person for furnishing any of the completed or substantially completed articles or work herein contracted for, without the written approval of the contracting officer. Every contract and subcontract made by the contractor in contemplation of or in connection with the performance of this contract shall state that it relates to this contract and shall contain a provision that its unperformed portion may be assigned at any time by the contractor to the United States, or its nominee.

(12) OFFICIALS NOT TO BENEFIT.

No Member of or Delegate to Congress, or Resident Commissioner, is or shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this article shall not apply to this contract so far as it may be within the operation or exceptions of section 116 of the act of Congress approved March 4, 1909 (35 Stat., 1109).

NOTE.—See section 3741, Revised Statutes.

(13) COVENANT AGAINST CONTINGENT FEES.

The contractor expressly warrants that it has employed no third person to solicit or obtain this contract in its behalf, or to cause or procure the same to be obtained upon compensation in any way contingent, in whole or in part, upon such procurement; and that it has not paid, or promised or agreed to pay, to any third person, in consideration of such procurement, or in compensation for services in connection therewith, any brokerage, commission, or percentage upon the amount receivable by it hereunder; and that it has not, in estimating the contract price or compensation demanded by it, included any sum by reason of any such brokerage, commission, or percentage; and that all moneys payable to it hereunder are free from obligation to any other person for services rendered, or supposed to have been rendered, in the procurement of this contract. The contractor further agrees that any breach of this warranty shall constitute adequate cause for the annulment of this contract by the United States, and that the United States may retain to its own use from any sums due or to become due hereunder an amount equal to any brokerage, commission, or percentage so paid or agreed to be paid.

NOTE. Prescribed by Executive direction. See letter of June 18, 1918, from Attorney General to Secretary of War.

(14) PATENT INFRINGEMENTS.

The contractor agrees to hold and save the United States and its representatives harmless against all liability and damage arising by reason of the infringement or alleged infringement of letters patent of the United States relating to the articles or work herein contracted for which are owned or controlled either by assignment, license, or otherwise, by the contractor, its officers or employees, or persons in privity

with the contractor, and by reason of the infringement or alleged infringement of letters patent of the United States which cover or relate to any materials, parts, or processes of manufacture not specifically prescribed by the United States for the performance of this contract.

The United States agrees to hold and save the contractor and its representatives harmless against all liability and damage arising by reason of the infringement or alleged infringement of letters patent of the United States relating to the articles or work herein contracted for which are not owned or controlled, either by assignment, license, or otherwise, by the contractor, its officers or employees, or persons in privity with the contractor, and which cover materials, parts, or processes of manufacture specifically prescribed by the United States for the performance of this contract: *Provided*, Immediate notice of any claim of infringement or of any legal proceedings in connection therewith is given in writing by the contractor to the chief of the bureau: *And provided further*, That the United States is permitted to intervene in any such claim or proceeding and in its discretion to defend the same or to make settlements thereof, in which events the contractor shall furnish all information and assistance requested by the United States.

(15) ADJUSTMENT OF CLAIMS AND DISPUTES.

Except as otherwise specifically provided in this contract, any claims, doubts, or disputes which may arise under this contract, or as to its performance or nonperformance, and which are not disposed of by mutual agreement, may be determined, upon petition of the contractor, by the Secretary of War or his duly authorized representative or representatives. If the Secretary of War selects a board as his authorized representative to hear and determine any such claims, doubts, or disputes, the decision of the majority of said board shall be deemed to be the decision of the board. The decision of the Secretary of War or of such duly authorized representative or representatives shall be final and conclusive on all matters submitted for determination: *Provided*, That where the decision is rendered by such representative or representatives, the Secretary of War may, at his option, either upon his own motion or upon petition filed with him by the contractor within 20 days after notice of the decision of such duly authorized representative or representatives has been served upon him, review the action of such representative or representatives and render his decision thereon. Any sum or sums allowed to the contractor under the provisions of this article shall be paid by the United States as part of the cost of the articles of work herein contracted for and shall be deemed to be within the contemplation of this contract.

(16) EIGHT-HOUR BASIC DAY, TIME AND ONE-HALF FOR OVERTIME.

Where reference to the eight-hour law of June 19, 1912, is inserted in a contract, the following provisions shall be used. From time to time instructions with reference to the use of these provisions will be issued by the Director of Purchase, Storage, and Transport.)

Wages of laborers, operatives, and mechanics doing any part of the work contemplated by this contract in the employ of the contractor shall be computed upon a basic day rate of eight hours work, with overtime rates to be paid for at not less than time and one-half for all hours in excess of eight hours. Compliance by the contractor with the provisions of this article shall be of the essence of the contract.

NOTE.—See act of June 19, 1912 (37 Stat., 137), act of March 4, 1917 (39 Stat., 1168, 1192), and Executive order of March 24, 1917. Provisions recommended by War Labor Policies Board and prescribed by order of Secretary of War dated August 30, 1918.

(17) ADJUSTMENT OF LABOR DISPUTES.

In the event that labor disputes shall arise directly affecting the performance of this contract and causing or likely to cause any delay in making the deliveries, and the Secretary of War or his representative shall have requested the contractor to submit such disputes for settlement, the contractor shall have the right to submit such disputes to the Secretary of War for settlement. The Secretary of War may thereupon settle or cause to be settled such disputes, and the parties hereto agree to accede to and to comply with all the terms of such settlement.

If the contractor is thereby required to pay labor costs higher than those prevailing in the performance of this contract immediately prior to such settlement, the Secretary of War or such representative in making such settlement and as a part thereof may direct that a fair and just addition to the contract price shall be made therefor: *Provided, however*, That the Secretary of War or his representative shall certify that

the contractor has in all respects lived up to the terms and conditions of the contract or shall waive in writing for this purpose only any breach that may have occurred.

If such settlement reduces such labor cost to the contractor, the Secretary of War or his representative may direct that a fair and just deduction be made from the contract price.

No claim for addition shall be made unless the increase was ordered in writing by the Secretary of War or his duly authorized representative and such addition to the contract price was directed as part of the settlement.

Every decision or determination made under this article by the Secretary of War or his duly authorized representative shall be final and binding upon the parties hereto.

NOTE.—Provisions recommended by War Labor Policies Board and prescribed by order of Secretary of War dated August 30, 1918.

(18) LAWS AND RESTRICTIONS RELATIVE TO LABOR.

All work required in carrying out this contract shall be performed in full compliance with the laws of the State, Territory, or District of Columbia where such labor is performed: *Provided*, That the contractor shall not employ in the performance of this contract any minor under the age of 14 years or permit any minor between the ages of 14 and 16 years to work more than eight hours in any one day, more than six days in any one week, or before 6 a. m. or after 7 p. m. Nor shall the contractor directly or indirectly employ any person undergoing sentence of imprisonment at hard labor which may have been imposed by a court of any State, Territory, or municipality having criminal jurisdiction: *Provided, however*, That the President of the United States may by Executive order modify this provision with respect to the employment of convict labor and provide the terms and conditions upon which such labor may be employed. These provisions shall be of the essence of the contract.

NOTE.—As to employment of convict labor, prescribed by Executive order of May 16, 1915. Provisions recommended by War Labor Policies Board and prescribed by order of Secretary of War, dated August 30, 1918.

(19) GENERAL PROVISIONS.

(a) The contractor shall from time to time, and whenever so requested, furnish to the chief of the bureau or to such person as the chief of the bureau may designate statements and reports on the progress of the performance of this contract and full information on all factors relating to deliveries or performance hereunder. Representatives of the United States shall have the privilege of visiting all offices and plants of the contractor for the purpose of ascertaining the progress of the performance of this contract under regulations prescribed by the chief of the bureau.

(b) Any notice to the contractor under this contract, when not actually delivered in writing to the contractor, shall be deemed to have been sufficiently given when mailed in a sealed, postpaid wrapper addressed to the contractor at the address above set forth. Any notice to the United States under this contract, when not actually delivered in writing to the chief of the bureau, shall be deemed to have been sufficiently given when mailed in a sealed, postpaid wrapper addressed to the chief of the bureau, War Department, Washington, D. C.

2. The following contract provisions shall be inserted in all formal cost-plus contracts for materials and supplies hereafter made by the various supply bureaus of the War Department, subject to the provisions of this circular:

(a) The provisions set forth on paragraph 1 of this circular, except as to (1) Component parts and materials furnished by United States, (3) Changes in drawings and specifications, (5) Storage, (7) Cancellation and termination before completion, and (11) Subcontracts.

(b) The following provisions in lieu of the provisions on the same subjects applicable to fixed-price contracts:

(1) COMPONENT PARTS AND MATERIALS FURNISHED BY UNITED STATES.

(a) The United States shall furnish to the contractor, f. o. b. cars at or near the contractor's plant, the component parts and materials, if any, listed in the attached schedule —, at such time and in such quantities as in the opinion of the contracting officer will enable the contractor to perform this contract in accordance with its terms. The United States shall reimburse the contractor for any loss, damage, or additional expense sustained or incurred by the contractor as a direct and necessary result of the failure of the United States so to furnish such component parts or materials.

(b) In case the source of supply of any component parts or materials upon which the contractor is relying for the performance of this contract fails, or is likely to fail the contractor shall promptly and fully notify the contracting officer thereof, and the United States may at its option thereupon furnish any or all of such component parts or materials.

(c) The contractor shall from time to time, upon request from the contracting officer, submit to the contracting officer a list of the component parts and material required by the contractor for the performance of this contract, and of the prices at which, and of the persons from whom, the contractor proposes to purchase such component parts and materials, and at any time before the contractor shall have contracted in good faith for such component parts or materials the United States, at its option, may furnish to the contractor any or all of the same.

(d) Any component parts and materials furnished by the United States under the above subdivisions (a), (b), and (c) shall comply with the requirements of this contract and shall at all times remain the property of the United States, unless and until paid for by the contractor. The contractor shall use and be responsible to the United States for due and proper care in using, protecting, handling, and storing component parts and materials so belonging to the United States, and shall account to the United States for the same either in finished product, scrap, unused component parts and materials, or otherwise, and shall make such disposition thereof, for the account of the United States, as the contracting officer may direct in writing.

(3) CHANGES IN DRAWINGS AND SPECIFICATIONS.

Changes in the drawings and specifications forming a part of this contract may be made from time to time by the contracting officer by giving written notice of such changes to the contractor. The contractor's time for performance of this contract shall be extended to cover any delay in performance caused to the contractor by such changes.

(5) STORAGE.

The contractor agrees to provide storage facilities at or near its plant sufficient for the storage of — days' production of the articles or work at the maximum rate of deliveries or performance herein provided, and to utilize such storage facilities during the life of this contract for the storage of any accepted articles or work which the contracting officer may require to be stored therein. Any such articles or work shall be adequately and safely stored by the contractor.

NOTE.—The foregoing provisions on storage are to be regarded as a model only, and not necessarily as a standard form. Each supply bureau will adapt these provisions to its own requirements.

(7) CANCELLATION AND TERMINATION BEFORE COMPLETION.

The same provisions as hereinbefore set forth for fixed-price contracts, except that sections 2 (a), (b), and (c) shall read as follows:

(a) All expenditures made by the contractor in good faith and in connection with the performance of this contract for which the United States is obligated to reimburse the contractor under the terms of this contract and for which the United States has not previously reimbursed the contractor.

(b) In addition to the payments under the above subdivision (a), the United States shall make the following payments to the contractor:

1) For all articles or work completed in accordance with the provisions of the contract and specifications, the sum provided as profit thereon under the terms of this contract and not theretofore paid.

2) — per cent of the cost to the contractor of all materials and unfinished articles or work and component parts furnished by the contractor and then on hand hereunder which are in compliance with the provisions of the contract and specifications.

(c) The United States shall discharge the contractor's outstanding obligations incurred by the contractor in good faith in connection with the performance of this contract for which the contractor has not theretofore received reimbursement or protection from the United States and which are of such character as the United States would under the terms of this contract have become liable to reimburse the contractor for its expenditures thereunder, had this contract not been so terminated.

(11) SUBCONTRACTS.

For cost-plus percentage contract.—No contract shall be made by the contractor with any other person for furnishing any of the completed or substantially completed articles or work herein contracted for without the written approval of the contracting officer. The contractor shall not, under the terms of this contract, be entitled to receive reimbursement from the United States for the contractor's expenditures under any contract or subcontract made by the contractor in connection with the performance of this contract until such contract or subcontract shall have been submitted to and approved by the contracting officer, except that in case no action is taken by the contracting officer within seven days after such submission his approval of the contract or subcontract so submitted shall be presumed. At the time of such submission, the contractor shall fully disclose in writing to the contracting officer any interest, direct or indirect, which it may have in any person, firm, corporation, organization, or business with which the contractor has made, or may propose to make, any contract or subcontract, or from which it may have purchased, or may propose to purchase, any materials, parts, or equipment in connection with the performance of this contract; breach of this provision may be treated by the United States as an essential breach of this contract by the contractor. Every contract and subcontract made by the contractor in contemplation of or in connection with the performance of this contract shall state that it relates to this contract and shall contain a provision that its unperformed portion may be assigned at any time by the contractor to the United States or its nominee.

For cost-plus fixed-profit contract, with bonus for saving.—No contract shall be made by the contractor with any other person for furnishing any of the completed or substantially completed articles or work herein contracted for without the written approval of the contracting officer. Every contract and subcontract made by the contractor in contemplation of or in connection with the performance of this contract shall state that it relates to this contract and shall contain a provision that its unperformed portion may be assigned at any time by the contractor to the United States or its nominee. The contractor shall from time to time, upon request, exhibit to the contracting officer any and all contracts and subcontracts made by it in connection with the performance of this contract, and upon request shall fully advise the contracting officer of any such contracts and subcontracts which it proposes to make, and shall further, without request, fully disclose in writing any interest, direct or indirect, which the contractor may have in any person, firm, corporation, organization, or business with which the contractor has made or may propose to make any contract or subcontract, or from which it may have purchased or may propose to purchase any materials, parts, or equipment in connection with the performance of this contract; breach of this provision may be treated by the United States as an essential breach of this contract by the contractor.

The contractor may at any time before making any expenditure or incurring liability for any expenditure for plant extension, equipment, materials, or supplies in connection with the performance of this contract exceeding the sum of \$— in any one instance, give written notice of such intended expenditure to the contracting officer, and thereafter the contracting officer shall be precluded from questioning the propriety of such expenditure, unless he or his representative shall, before the close of the tenth business day after service of notice of such intention, express, in writing, his disapproval thereof.¹

(c) The following provisions on subjects in addition to those included in fixed-price contracts:

(20) DEFINITION OF COSTS.

The actual cost of manufacture or performance of the articles or work (herein sometimes called the "actual cost") is specifically defined, and the methods of collating cost data are specifically set forth in the memorandum attached hereto as schedule—and hereby made a part of this contract. The provisions of said memorandum shall also apply to the cost of increased facilities which may be provided by the contractor under the provisions of this contract.

NOTE.—Said memorandum may be referred to in the contract instead of being attached thereto as a schedule.

¹ This paragraph may, if preferred, be inserted in the article of the contract which deals with the determination and payment of costs.

(21) DETERMINATION OF COSTS.

The determination of the actual cost and of all questions concerning payments under the provisions of this contract shall be promptly made by or under the direction of the contracting officer (or accounting officer) in accordance with the terms of this contract.

The decision of the contracting officer (or accounting officer) on questions of the determination and allowance of costs shall prevail, except that such decision may be referred to the Secretary of War or his duly authorized representative or representatives for determination in the manner and with the effect provided in the article hereof entitled "Adjustment of claims and disputes," either upon the completion or termination of this contract or whenever claims of costs amounting in the aggregate to \$5,000 or more shall have been disallowed by the contracting officer (or accounting officer).

(22) METHODS OF ACCOUNTING AND AUDITING.

The contracting officer (or accounting officer) or his designee may, at his option, prescribe for the purposes of this contract a detailed classification of accounts, with the definitions to be used in connection therewith: and may also prescribe the methods of accounting to be followed, and the methods and bases for apportioning expenses: *Provided, however,* That the contracting officer (or accounting officer) shall not so prescribe definitions or regulations in disagreement with the memorandum referred to in the article hereof entitled "Definition of costs." The contracting officer (or accounting officer) shall have the right to supervise and control the methods of storekeeping and the books and records connected therewith, including the right to examine the same at any time.

The contractor agrees, both at the commencement and at the completion or termination of this contract, to prepare an inventory of the stores of materials and supplies required or used in connection with the performance of this contract, and the contracting officer (or accounting officer) or his designees may supervise the same and determine the methods and check the correctness thereof.

The contracting officer (or accounting officer) or his designee shall at all times have access to the contractor's books of account and records, and to all papers and memoranda relating to matters connected with this contract, and may audit and conduct investigations into all matters relating to this contract: *Provided, however,* That the information acquired in the course thereof shall be deemed confidential and shall not be divulged except with the contractor's consent. The contracting officer (or accounting officer) or his designee may make such investigations and examinations, not otherwise provided for in this contract, at any or all of the contractor's plants, and at other points, as in his discretion may be useful or necessary in determining any question relating to this contract.

The contractor shall furnish to the contracting officer (or accounting officer) all reasonable facilities and assistance in connection with any and all matters provided for in this article. The contractor shall keep all records relating to this contract in shape for ready reference, and shall preserve the same for a period of at least six years after the completion or termination of this contract.

(23) INCREASE IN WAGES.

The contractor shall not make any general increase in the rate of wages paid for any class of labor employed in connection with the performance of this contract in excess of the rate of wages for similar labor prevailing in the locality in which the work is being performed. The aggregate amount of any such general wage increase made by the contractor without the prior approval of the contracting officer shall be deducted from the profit to be paid to the contractor hereunder and shall be credited to the United States. If at any time the contractor proposes to put into effect any such general wage increase, it may give written notice to that effect to the contracting officer, and in case the contracting officer shall not disapprove thereof in writing within 10 days after receipt of such notice his approval of the intended wage increase shall be presumed.

24) VESTING IN UNITED STATES OF TITLE TO PROPERTY TO BE PAID FOR BY UNITED STATES.

The title to the articles or work, whether completed or in process of manufacture or completion, and also to all machinery, equipment, tools, parts, materials, supplies, and other property which it is contemplated by the provisions of this contract shall

belong to the United States, shall vest in the United States immediately upon inspection and acceptance thereof and receipt therefor by the properly authorized representative of the United States. All property, title to which is so vested in the United States, shall, in so far as practicable, be kept by the contractor separate and apart from property belonging to the contractor, and shall be properly cared for by the contractor, and shall be marked by the contractor in such manner as the contracting officer may direct. Until such time as title to any such property so vests in the United States, the contractor may carry reasonable insurance on such property and may charge the cost of such insurance as a part of the cost of performance of this contract.

3. (a) The foregoing provisions on subjects (9) to (15), inclusive, and (17) to (19), inclusive, shall be inserted in all formal fixed-price contracts and in all formal cost-plus contracts for materials and supplies, respectively.

(b) The foregoing provisions on all subjects other than (9) to (15), inclusive, and (17) to (19), inclusive, shall be inserted in all formal fixed-price and cost-plus contracts, respectively: *Provided*, That the board of contract review of the supply bureau affected may, in individual contracts, for good cause set forth on its minutes, authorize the omission or modification of the foregoing provisions on any of said subjects other than subjects (9) to (15), inclusive, and (17) to (19), inclusive.

4. The foregoing provisions on the following subjects shall be inserted in all purchase or procurement orders hereafter issued or made by the various supply bureaus of the War Department, subject to the provisions of this circular:

- (10) Contract not transferable.
- (11) Subcontracts.
- (12) Officials not to benefit.
- (13) Covenant against contingent fees.
- (14) Patent infringements.

(18) The sentence referring to convict labor in (18), laws and restrictions relative to labor.

Said provisions may, if deemed desirable, be printed on the back of such purchase or procurement orders with incorporation thereof by proper reference. Such purchase or procurement orders may incorporate the provisions on such of the other foregoing subjects as the supply bureau affected may consider desirable.

5. The superior board of contract review may, for good cause set forth on its minutes, authorize exceptions to the provisions of this circular in specified classes of cases, subject to such directions from higher authority as may, from time to time, be in effect.

By authority of the Secretary of War.

GEO. W. GOETHALS.

*Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic.*

SUPPLY CIRCULAR No. 111.

WAR DEPARTMENT,
PURCHASE, STORAGE AND TRAFFIC DIVISION,
GENERAL STAFF,
Washington, November 9, 1918.

Subject: Termination of contracts and orders in public interest.

1. Whenever the appropriate officers of the Government determine that it is necessary, in the public interest, to terminate, in whole or in part, a contract or a purchase or procurement order for materials or supplies, such termination shall be effected as herein directed.

2. Whenever such contract or order expressly provides that it may be terminated in the public interest, termination may be effected only in accordance with such provisions, unless it shall be in the public interest to terminate it in accordance with the provisions of this circular and the parties shall agree thereto.

3. Whenever such contract or order does not expressly provide that it may be terminated in the public interest, the contractor, if the public interest so requires, shall be requested to suspend work thereunder, in whole or in part and to supply promptly a report under oath showing in detail the following information in so far as applicable:

- (1) Raw materials on hand: Cost plus inward handling charges plus such portion of overhead as is directly applicable.
- (2) Partly finished products on hand: Cost of raw material and labor, plus such portion of overhead as is directly applicable.
- (3) Finished products on hand: Contract price, less freight charges if the contract or order specifies delivery at point other than factory.

(4) Special facilities: Cost of facilities specially provided and paid for by the contractor for the performance of the contract, the necessity of which was contemplated at the time the bargain was made and the cost of which was included in the contractor's original estimate. From the cost of such facilities deduct their fair value at the time the contract or order is terminated and state such portion of the remainder as is represented by the ratio of the uncompleted portion to the whole contract or order.

(5) Commitments: The contractor's commitments to suppliers, subcontractors, and others for contributing materials or work, to be determined, in so far as applicable, in the same manner as indicated in (1), (2), (3), and (4).

If the contractor claims additional compensation by reason of any other item or items, he may add such item or items, together with a detailed statement of the facts on which his claim is based.

4. Unless otherwise directed by the chief of the bureau, the contractor shall be requested to suspend work and shall not be given notice of cancellation. If a notice of cancellation is given, the contracting officer of the Government loses his power to enter into a supplemental agreement with the contractor.

5. No allowance will be made for prospective profits; provided, however, that with the consent of the chief of the bureau an allowance of not more than 10 per cent of the cost of partly finished products on hand may be allowed.

6. If agreement is reached on a just and reasonable compensation to be paid to the contractor by reason of the suspension and termination of the contract or order, such agreement shall be embodied in a supplemental contract which shall set forth the agreed compensation and shall provide in specific terms that it constitutes full and final settlement of all questions and claims growing out of the original contract or order. Such supplemental contract shall also provide that all raw materials, partly finished products, and finished products on hand shall become the property of the United States, unless and to the extent that the parties agree that such materials and products shall remain the property of the contractor, in which event the Government shall be credited with the agreed value of the same.

7. Each such supplemental contract shall provide that it shall not become a valid and binding obligation of the United States until it has first been approved by the board of contract review of the supply bureau affected.

8. The chief of the bureau may direct that no such supplemental contract, or no such supplemental contract providing for payment in excess of a special sum, shall be executed by the contracting officer unless first approved by the chief of the bureau.

9. Attention is directed to General Order No. 103, November 6, 1918, creating the board of contract adjustment and empowering such board to hear and determine all claims, doubts, and disputes, including all questions of performance and nonperformance, which may arise under any contract made by the War Department in instances in which the contractor and the contracting officer have been unable to agree.

10. This circular applies solely to the termination of contracts or orders, in whole or in part, in the public interest and does not affect the right of the Government to cancel a contract or order by reason of the contractor's default, which subject is left to be determined by the provisions, if any, of the contract or order and the principles of law applicable thereto.

By authority of the Secretary of War:

GEO. W. GOETHALS,
Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic

SUPPLY CIRCULAR No. 112.

WAR DEPARTMENT,
PURCHASE, STORAGE AND TRAFFIC DIVISION,
GENERAL STAFF,
Washington, November 9, 1918.

Subject: Instructions to supply bureaus of the Army on reduction and cancellation of contracts.

1. In order to avoid a chaotic condition in industry and labor if contracts are suddenly reduced, suspended, or canceled, it is desired to secure the advice and assistance of the War Industries Board. To that end the following procedure will be followed:

1. The office of the director of purchase, storage and traffic, as in the past, will have charge of all relations between the War Department and the War Industries Board on all reductions, suspensions, or cancellations of contracts.

4. The approval of the office of the director of purchase, storage and traffic is required for reduction, suspension, or cancellation of orders for articles not on the clearance list or for orders not placed in the congested districts where the amount of the reduction, suspension, or cancellation exceeds \$100,000.

5. Where it is desired to reduce, suspend, or cancel contracts for articles as specified in sections 2 and 4 above, each procuring bureau will first prepare a schedule showing for each unfilled contract for the article in question the following:

1. Firm address.
2. Location of factory.
3. Type of contract.
4. Unit price.
5. Present rate of delivery.
6. Total quantity in order.
7. Amount accepted.
8. Balance due.
9. Recommended quantity to be canceled.

Request for concurrence of War Industries Board in cancellation of orders for:	To: Purchase, Storage and Traffic Division.	P. S. & T. No.....
	From.....	Bureau No.....
(Article: ).....	.....	Date.....

Name and address of firm.	Location of factory.	Type of contract.	Unit price.	Present rate of delivery.	Total quantity of order.	Quantity accepted.	Balance due.	Recommended quantity to be canceled.	Concurrence of War Industries Board.
			Total						Certified

(Bureau signature)

7. The commodity sections of the War Industries Board will forthwith either approve the reductions of orders recommended by the procuring bureau or will modify the proposed reductions either as a whole or in individual cases, having in mind: (a) The effect of the proposed cancellations on the industry; (b) the effect on the given locality; (c) the effect on the given contractor.

The action of the commodity section of the War Industries Board will be noted on the two schedules submitted to it, one of which will be returned immediately to the External Relations Branch. The External Relations Branch will note action of War Industries Board on its file copy, returning original schedule to the procuring bureau.

8. Unless advised to the contrary, the War Industries Board and the Division of Purchase, Storage and Traffic will act on the assumption that cancellations authorized as above are immediately put into effect.

PROCEDURE ON CANCELLATIONS NOT REQUIRING THE APPROVAL OF THE OFFICE OF DIRECTOR OF PURCHASE, STORAGE AND TRAFFIC.

9. Procuring bureaus will keep records of reductions, suspensions, or cancellations of contracts not requiring the approval of the Office of the Director of Purchase, Storage and Traffic so that information in regard to such contracts may be promptly prepared from time to time as called for by the Office of the Director of Purchase, Storage and Traffic.

BY AUTHORITY OF THE SECRETARY OF WAR:

GEO. W. GOETHALS,
*Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic.*

NOVEMBER 11, 1918.

Mr. BERNARD M. BARUCH,
*Chairman War Industries Board,
Council of National Defense Building, Washington, D. C.*

DEAR MR. BARUCH: I am inclosing herewith memorandum in regard to decision reached at the meeting of the Secretary of War, Secretary of Navy, and the chairman of the Shipping Board as to the elimination of overtime and Sunday work and general questions of readjustment of labor and industry, in which it states that these matters are to be taken up with the Department of Labor and the War Industries Board.

Heretofore, in taking up the question of new facilities, the War Industries Board has taken care of the question of labor in connection with such new facilities, and now in connection with the question of the effect on labor of the reduction and cancellation of contracts, I take it will be considered by the War Industries Board in connection with the Department of Labor, and we will assume that when we receive a clearance in regard to our proposed plans, in accordance with the outline contained in Supply Circular No. 112, that this will be a complete clearance from the standpoint of industry and that of labor.

Inclosed herewith is copy of our letter sent to the various supply bureaus of the Army in connection with the first matter.

In connection with the second matter, we have issued Supply Circular No. 111, outlining method of termination of contracts and orders in the public interest and Supply Circular No. 112, instructions to supply bureaus of the Army on reduction and cancellation of contracts.

Very truly, yours,

GERARD SWOPE,
Assistant to the Director of Purchase, Storage, and Traffic.

NOVEMBER 11, 1918.

At a meeting this morning, attended by the Secretary of the Navy, the chairman of the Shipping Board, and the Secretary of War, it was decided, in view of the signature of the armistice, to issue immediate directions to cut out all Sunday work and overtime in Government construction and in Government owned or controlled plants and plants producing war supplies.

The readjustment of the labor and industry of the country which has been occupied in war work will be undertaken in conference with the Department of Labor and the War Industries Board with a view to bringing about the readjustment with the least dislocation of labor and the greatest facility possible to be afforded for the reestablishment of industry. It is clear that there is work enough in the United States for all the labor in the country. Many Government activities, like the shipbuilding industry, will continue uninterruptedly; others will be gradually readjusted. Meantime those who are employed by the Government or working on the production of Government supplies should continue their occupations.

SUPPLY CIRCULAR No. 114.

WAR DEPARTMENT,
PURCHASE, STORAGE, AND TRAFFIC DIVISION,
GENERAL STAFF,
Washington, November 13, 1918.

Subject: Interpretation of Supply Circular No. 112.

1. In connection with Supply Circular No. 112, several questions have been asked in regard thereto.

2. Facilities as well as supplies are covered by Supply Circular No. 112, and the conditions and limitations of reduction, suspension, or cancellation in each of the various paragraphs applies to facilities as well as supplies, and to act intelligently on such request for reduction, suspension, or cancellation of contracts for facilities the following information should be furnished:

- (1) Location of new facility.
- (2) Purpose of such facility.
- (3) Final estimate of cost.
- (4) Cost to date.
- (5) Percentage of completion.
- (6) Number of laborers employed at this date:
 - (a) Skilled.
 - (b) Unskilled.
- (7) Reason for cancellation.
- (8) Recommendation of method of suspension and number of men that will be released.

3. In reference to paragraph 4 of Supply Circular No. 112, any orders placed subsequent to October 1 may be reduced, suspended, or canceled without approval of the office of the director of purchase, storage, and traffic.

4. In the case of contracts and orders for supplies or facilities, when the unfilled portion of such contract is less in amount than \$25,000, reductions, suspensions, or cancellations may be made under such regulations as the chiefs of bureaus may establish, without reference to the office of the director of purchase, storage, and traffic. Such regulations established by the chiefs of bureaus must, however, take into account that such cancellations and reductions are made without disturbance of labor conditions.

5. When the contractor is willing to terminate contract or order for supplies or facilities, and states in writing that such termination will not be accompanied by disturbance of labor in his plant, the contract or order may be terminated without reference to the office of the director of purchase, storage, and traffic, wherever the location of the work or whatever the nature of the article. In case the amount of the unfilled contract or order exceeds \$100,000, a report of such action shall be made to the office of the director of purchase, storage, and traffic.

6. Notice should be given to the various contractors who are working on Government orders that no new labor should be engaged on such orders, even to replace labor that has left their employ, without the approval of the procuring office.

7. No new contracts shall be placed by contractors on suppliers or with subcontractors without the approval of the procuring office.

8. Contracts on which work has not been begun or commitments made may be suspended without reference to the office of the director of purchase, storage, and traffic.

By authority of the Secretary of War:

GEO. W. GOETHALS,
Major General, Assistant Chief of Staff,
Director of Purchase, Storage, and Traffic.

SUPPLY CIRCULAR No. 115.

WAR DEPARTMENT,
PURCHASE, STORAGE AND TRAFFIC DIVISION,
GENERAL STAFF,
Washington, November 15, 1918.

Subject: Priorities.

1. The priorities committee of the War Industries Board, in conjunction with the War Department, has decided to cancel all priority certificates heretofore issued, as well as the automatic A5 classification issued by the various War Department agencies, and, further, in general, to remove all restrictions heretofore laid down for the purpose of permitting industry to resume as soon as possible normal conditions.

2. In view of the foregoing, it is directed that all bureaus and subordinate agencies of the War Department carefully survey all orders already placed or to be placed and select from said orders those, if any, in view of the changed conditions, which it is desired should have preferential treatment from an industrial standpoint.

3. Having complied with the above instructions, the officer charged with the particular order requiring priority certificate will make formal application on the regular form of the priorities committee of the War Industries Board, setting forth the full facts in the case and submit the application, as heretofore, through channels provided for that purpose.

By authority of the Secretary of War.

GEO. W. GOETHEL,
*Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic.*

MUNITIONS DIRECTOR CROWELL DISCUSSES WAR DEPARTMENT'S PLAN TO EASE PRODUCTION—INSTRUCTIONS TO ALL BUREAUS—NO ORDER BEING CANCELED WITHOUT CONSIDERATION OF NATURE OF WORK, SAYS ASSISTANT SECRETARY—GETTING BACK TO NORMAL BY DEGREES.

The following statement is issued by Assistant Secretary of War Benedict Crowell as Director of Munitions. Mr. Crowell is specially charged with the industrial aspects of demobilization:

With the signing of the armistice the War Department is faced with an intricate problem and great responsibilities. The industries of the country, which have responded whole-heartedly to the call of the Government for increased production and which were going at a rate never before attained, must be diverted from war-time production to their normal occupations in times of peace.

THE FIRST CONSIDERATION.

The first and primary consideration in getting back to this normal basis is to make this readjustment with as little inconvenience as possible and with a continuous employment of labor.

It is also essential that the production of material for war, which means now a waste of material which could be used for civilian population both here and for the purposes of reconstruction in Europe, should be stopped as speedily as is consistent with the primary consideration of labor and the industries.

Instructions have therefore been issued to all bureaus of the War Department governing the methods of slowing down of production so that as far as possible there should be a tapering off of war work, giving time for industrial readjustment and for the industry to take up civilian work.

So that manufacturers might as rapidly as possible get into work on civilian needs, at our request the War Industries Board have withdrawn all priority ratings on Army work.

FULLEST CONSIDERATION GIVEN.

No order is being suspended or canceled by the War Department without consideration of the nature of the work or the locality in which the work is being performed, labor, and the reemployment of labor at such places in other industries, and without conference and consultation with the War Industries Board, which has been constantly in touch with the industries of this country, and with the Department of Labor, which is in intimate touch with the conditions of employment in all parts of the United States.

Overtime, holiday, and Sunday work has been stopped, and as rapidly as possible and as rapidly as the labor can be used in normal day shifts night shifts will be discontinued.

It is often the case that in a certain locality where labor is working on a war project this work may be stopped and the same labor utilized on other work in the same locality.

STATEMENT BY THE ASSISTANT SECRETARY OF WAR AS TO METHODS OF CONTRACT ADJUSTMENT.

The armistice has come when American industry was reaching the peak of its production. There are therefore thousands of contracts outstanding on which commitments for raw material for the future have been made, on which much raw material has been received, on which there is a large amount of work in various stages of completion on its way through the shops.

The department has first to determine as to each of these contracts whether it is to be carried through, whether the rate or amount of production is to be so reduced that the manufacturer can gradually taper off and get into his accustomed civilian work, or whether the contract is to be terminated at once. These questions have to be decided with due regard to the conditions of the particular industry and the importance of preserving the continuous employment of labor. When decided there remains a very serious problem of how to arrive at a just and prompt determination of what is due the contractor as a result of such reduction or termination of the contract. Promptness of this adjustment is exceedingly important. If all the steps for the determination of the amount due contractors under these widely scattered contracts had to be centralized in Washington, no matter how large and expert the force, it would take undue time and impose serious burdens on the contractors. To meet this situation the War Department has outlined and adopted the following procedure.

The contractor will make an inventory of the raw material on hand, work in process, and finished articles ready for delivery, and any other items of costs, with figures on the various elements of cost which have entered into the getting ready for production, such as new buildings and machinery not otherwise taken care of. This will be checked by accountants of the War Department. These statements in the majority of cases will then be presented to district boards organized in many of the larger cities which are the centers of production, such as Boston, Bridgeport, New York, Rochester, Philadelphia, Pittsburgh, Cleveland, Chicago, Detroit, St. Louis, etc.

A board to deal with ordnance contracts at each of these places will be presided over by the district ordnance chief, who in every case is a civilian and a prominent business man of the community, frequently, prior to the war, having been connected with industries along similar lines to those now engaged in war work. Another member of the board will generally be the regional adviser of the War Industries Board. Such advisers are prominent business men, often selected for the position by the local chamber of commerce and in intimate touch with the problems of adjustment presented, by reason of their experience with the industries in their localities in getting ready for war production. Another member will be of legal training, another a cost accountant, and the fifth a man versed in technical production. The latter three members are generally already available on the staff of the ordnance district chief. With a board so constituted, the public, the Government, and the industries will feel assured that a just and prompt settlement may be arrived at. Boards will also be established for the settlement of contracts for more standard articles of merchandise, such as clothing, leather goods, etc.

These boards will endeavor to reach a settlement with the contractor along the lines of the policy laid down by the War Department in Washington. Wherever a settlement can be reached between the contractor and a board, the board will make its recommendation to Washington and the settlement will be finally approved and the amount thereof will be promptly paid in full. Wherever there is a difference of opinion between the board and the contractor, a statement thereof may be made to the several claims boards in this line of work in Washington who will consider the matter from the data presented by the local boards and endeavor to reach a settlement with the contractor. Failing this, there has been set up in the War Department a Board of Contract Adjustment to assist the Secretary of War. This board, as far as the War Department is concerned, is the final tribunal in such cases. Of course, if the contractor is still dissatisfied with such decision, he may appeal to the Court of Claims.

It is hoped that by this set-up a very large proportion of the cases may be settled by the local boards and no appeals will be necessary. Since these local boards will be in touch with the local industry and they will have before them the great importance of a fair and prompt settlement, the industries themselves will have confidence that they will receive fair treatment and by decentralizing the work a prompt settlement may be accomplished.

The department recognizes that it is highly important to make provision for cases where contractors have such a considerable part of their working capital tied up in expenditures for labor and other disbursements on unfinished work that without a speedy repayment to the contractors of at least a part of this sum they can not make

that prompt return of the plants to commercial work essential to prevent a break in their continuous operation and employment of labor. In many such cases, while it is practicable to determine readily a minimum sum which will be within the figure of ultimate settlement, it will frequently be difficult to fix with exactness the ultimate sum without a delay which will lose to the Government and the country the advantage of a speedy return of such plants to commercial work. Where this situation exists and to meet it, it will be the policy of the department to stand ready to enter into supplementary contracts with such contractors by which a sum not to exceed 75 per cent of the amount which it is certain will ultimately be paid by the Government on the agreed basis of adjustment will be paid immediately to the contractor upon his consent to a termination of the original contract and a release to the Government of its obligations thereunder, the department agreeing to pay subsequently such additional sum as it may determine will complete payment to the contractor on the agreed basis of adjustment. The machinery outlined above will be availed of in arriving at the terms of final settlement.

This plan will make it practicable for contractors to secure almost immediately a very substantial part of their working capital for use in switching back to commercial work, even where the circumstances are such that the final determination of the compensation to be paid can not be so speedily arrived at.

CANCELLATION OF CONTRACTS.

The CHAIRMAN. Mr. Secretary, you spoke of cancellations being predicated upon the view of the needs of the department for the material for which the contract was entered into, the state of manufacture, and the general commercial and labor interests of the country. To what extent, if at all, have you declined to cancel contracts that you would cancel otherwise, because of what you conceived to be the commercial and labor interests of the country?

Secretary BAKER. I can not answer that question, Mr. Sherley; I have only laid down the general policy.

The CHAIRMAN. Has there been any real determination of what is involved in that question? Manifestly, all of us want to conserve the interests of the country, if you can distinguish them from the interests of the Government, but one man may conceive it to be his duty to keep everybody employed at present work until they are employed in something else; other people may hold the view that the country is amply able to take care of itself if it be given an opportunity, and that what the Government ought to do is to cancel contracts for material that it does not want and stop the waste of material and labor in the manufacture of things that are not economically justified during a time of peace, and if you could tell us a little bit more as to what would be the policy—

Secretary BAKER (interposing). I can only tell you in very general phrases. I should say my own view is about midway between the two extremes you express. I think it would be a very unjustifiable waste for the Government to go on finishing all these contracts merely for the purpose of maintaining an industrial status without pressure for cancellations. I think it would be equally disastrous, worse perhaps, simply to close the door of every factory working on war orders and turn everybody adrift all of a sudden without any sort of thought as to where they are to go or what is to be done or anything of the kind.

The CHAIRMAN. Of course, the latter condition is not conceivably possible, because if nothing more than the normal delays of Government and the red tape of Government were to intervene, it would make the cancellation a very orderly procedure in the way of time.

Secretary BAKER. I am not so sure about that. I think it would be perfectly easy to put out some telegrams to-day that would throw the country into a state of turmoil. We could send out a number of telegrams which would practically put the labor of the country adrift on the streets.

The CHAIRMAN. But no one means, of course, that in the desire to do a justifiable thing that men shall disregard all common sense.

Secretary BAKER. Exactly, and I was simply saying that my policy is midway between those extremes.

The CHAIRMAN. But what I am trying to impress and get your views upon is this: It is the judgment of a good many of us that there is actually a need of labor over this country to do productive, peace things; that the country is very much more prepared to adapt itself to the changed conditions than the Government is.

Secretary BAKER. I fully share that view.

The CHAIRMAN. And that if they be turned loose and permitted to adapt themselves, they will do it.

Secretary BAKER. I fully share that view.

The CHAIRMAN. You spoke a while ago of the fact that contracts since a date in September, as I recall it, had carried two clauses for cancellation in uniform terms.

Secretary BAKER. Yes.

The CHAIRMAN. But that prior contracts did not necessarily have such clauses in them. Are you able to tell the committee to what extent the contracts have some form of cancellation?

Secretary BAKER. No; I can not tell you that. Undoubtedly the heads of the different divisions can tell you. The practice was not uniform until September.

The CHAIRMAN. Has there been such a classification made, or is there being such a classification made, of contracts as would enable the department to know in money value the number that are cancelable at the option of the Government?

Secretary BAKER. I do not know that. Gen. Goethals can answer that perhaps better than I can. Undoubtedly it can be answered by the several bureaus, but whether it has been gathered together in Gen. Goethals's office or not, I do not know.

FORM OF CONTRACTS.

The CHAIRMAN. You referred to the form of these contracts as made since the middle of September. I have not it before me, and so I am not able to see just the terms on which cancellations can be made. Could you summarize them?

Secretary BAKER. Only by referring to the circular. There are two sections apparently in this clause, which are rather long, the first being the details of "cancellation for contractor's default," and second, "termination in public interest."

If, in the opinion of the chief of bureau, the public interest shall so require, this contract may be terminated by the United States by days' notice in writing from the contracting officer to the contractor, and such termination shall be deemed to be effective upon the expiration of days after the giving of such notice, and shall be without prejudice to any claims which the United States may have against the contractor under this contract.

Then there a series of stipulations as to what is to happen.

In the event—

I am omitting, of course, some of the connecting phrases.

In the event of and upon such termination of this contract prior to completion, as provided in this section 2, for any reason other than the default of the contractor, the United States shall make payments to and protect the contractor as follows:

(a) The United States shall pay to the contractor the contract price or compensation, not previously paid, for all articles or work completely manufactured or completely performed in accordance with the requirements of this contract at the date such termination becomes effective.

(b) The United States shall reimburse the contractor for such proportion of the contractor's expenditures (other than expenditures for plant, facilities, and equipment solely provided for the performance of this contract) made by the contractor in good faith in connection with the performance of this contract, as is fairly and properly apportionable to the articles or work the delivery or performance of which is so terminated, plus — per cent of the amount so ascertained. Any raw materials, articles in process of manufacture, and other property so paid for shall become the property of the United States.

(c) The United States shall protect the contractor against such proportion of the contractor's outstanding obligations, incurred by the contractor in good faith in connection with the performance of this contract, as is properly and fairly apportionable in the articles or work, the delivery or performance of which is so terminated.

There are some explanatory notes which I am omitting, simply giving you the outline.

(d) The United States shall also pay to the contractor on account of depreciation or amortization of plant, facilities, and equipment, solely provided by the contractor at its expense for the performance of this contract, an amount to be determined as follows:

The method of determination is provided, which I can read if you desire.

The CHAIRMAN. Summarize it.

Secretary BAKER. I can not. Any summarization would be unjust and misleading.

As soon as conveniently may be done after such termination of this contract, the fair market value of such plant, facilities, and equipment at the time of such termination shall be determined by an appraisement to be made by three appraisers, one to be appointed by the contractor, one by the contracting officer, and the third by these two. The United States shall then pay to the contractor such part of the amount by which the cost to the contractor of such plant, facilities, and equipment shall exceed such appraised fair market value thereof as shall be fairly and properly apportionable to the articles or work the delivery or performance of which is so terminated; and in determining what amount is so fairly and properly apportionable due regard shall be had to the extent to which this contract shall have been performed and the extent to which the cost of said plant, facilities, and equipment should be regarded as having been absorbed by such performance. The amount so fairly and properly apportionable shall be determined by agreement between the contractor and the contracting officer, if possible, and in the event of their failure to agree shall be determined by three persons, one to be appointed by the contractor, one by the contracting officer, and the third by these two.

That covers the provisions for termination.

ORDERS GIVEN WITHOUT FORMALITY OF WRITTEN CONTRACT.

The CHAIRMAN. Mr. Secretary, there apparently have been a number of orders given to various people for the production or procurement of various articles without the formality of an actual written contract?

Secretary BAKER. Yes, sir.

The CHAIRMAN. The press seems to carry the idea that the comptroller has ruled that such agreements are not so legally binding upon the Government as to authorize the department to make adjustment in settlement and termination of them. Can you tell us just what the situation is?

Secretary BAKER. I have not seen the comptroller's opinion, Mr. Sherley, and therefore I can not answer whether it will be necessary for us to come to you and ask for enabling legislation or not. Of course, it is true that a very large number of orders were given by telegraph without waiting for the formality of a written contract. To the extent that such orders were given and accepted in good faith and the work was undertaken in good faith, they can be met. When the department was cutting through red tape in order to get expedition in the matter of securing supplies, it is inconceivable that it should take advantage of cutting through the red tape.

The CHAIRMAN. Do you know, of course, it will have to be a very general approximation, the money value represented by such informal contracts?

Secretary BAKER. No; it must be very large.

The CHAIRMAN. While it may be very large, we are not to understand that it is very large in the sense of the other contracts?

Secretary BAKER. Relatively not, of course.

The CHAIRMAN. The papers also stated that the Attorney General had been asked for an opinion touching the matter.

Secretary BAKER. I think he has been asked for it, but it has not come.

The CHAIRMAN. Where did you get the jurisdiction?

Secretary BAKER. The President can always ask him to give a legal opinion.

The CHAIRMAN. It is not binding?

Secretary BAKER. It is not binding on the comptroller. Nobody can bind the comptroller. The question is academic in that neither Congress nor any department will disallow any just claim against the Government for work performed in good faith.

The CHAIRMAN. On the assumption that all you say is true, but it is not academic in the sense that if the decision be binding there may or may not have to be legislation in order to do it?

Secretary BAKER. Undoubtedly. Of course, the only embarrassment that would follow from the necessity of such legislation would be to slow up the process of paying the contractors, and the industrial situation of the country becomes so important then that the obligations of the Government to the contractors should be paid promptly so that they will have both security and money to go into civil industry.

CONTRACTS IN CONNECTION WITH CANTONMENTS AND HOUSING OF TROOPS.

The CHAIRMAN. The contracts cover every conceivable subject, but there is a division which, perhaps, might be made between those contracts for the procurement of various articles and those contracts in the way of construction which bear a relationship to the Army and its size, particularly contracts in connection with the canton-

ments and the housing of troops. Now, what policy, if any, has been arrived at in regard to such work?

Secretary BAKER. Most of it has been stopped. There are some camps in which the peace time Army establishment will need facilities. I have particularly in mind the Artillery training camps where we bought ground, and where it is apparently cheaper to go on and finish the camp than it is to discontinue it, but in those where continuation has been temporarily determined upon, pending the determination by Congress of the size of the peace-time establishment, we have cut down by perhaps one-half, or whatever it might be, and have cut off construction of the residue. In many, however, construction has been entirely suspended.

Perhaps Gen. Goethals has better knowledge as to that.

Gen. GOETHALS. Construction does not come under me.

Secretary BAKER. That is true.

The CHAIRMAN. Has there been any contract made or any permitted to continue for the procurement of material or for the housing of troops because of a belief on the part of the War Department as to a subsequent need. Or, to put my question in another form, certain contracts were incidents of the war and their cancellation now is dependent upon a number of conditions which you have more or less enumerated, condition of the work and the question of whether it is more economical to finish a given thing or to stop it, the wastage that flows from it, the conditions in regard to industry, labor, and so forth. What I am speaking of is what might be called work that is necessarily dependent upon policy.

Secretary BAKER. I think I understand perfectly what you mean. No work has been permitted to go on which is of such a character as to prejudice the determination of Congress as to the military policy of the country; none, with this as a possible exception. The War Department feels that it is beyond controversy that the future peace time establishment, whatever it may be, will have to have facilities for aircraft training, which is a new branch in the Army.

CONTINUATION OF WORK AT LANGLEY FIELD.

For that reason the work at Langley Field, which was from the beginning designed as the permanent training field for aircraft, has been continued and some other aircraft field work. In addition to that we feel that the future policy of the Army will have need for larger training facilities for artillery and tank service. For that reason one of the camps designed for artillery training has been continued and the camp which was designed as a tank school has been discontinued and its facilities transferred to the artillery school so they will be together, but no continuation has been permitted which prejudices the judgment of Congress as to the future military establishment.

GAS AND CHEMICAL WARFARE SERVICE.

The CHAIRMAN. The gas and chemical warfare service, a recent service, was very properly engaged in very large experimentations upon the lines of its activities. Is that department continuing its work?

Secretary BAKER. The department is continuing with a diminishing effort and it is closing it out. The construction of every kind for chemical warfare has ceased but the demobilization of the officers and men has not been completed.

The CHAIRMAN. What I had in mind was whether they were going ahead with experimentations because of the idea that the Army might have that such creative work should be done irrespective of the war having ceased.

Secretary BAKER. They are finishing up things which were in process, but are not embarking on any new investigations.

The CHAIRMAN. You mean, finishing up without additional outlay?

Secretary BAKER. Yes, sir; simply continuing the officers and men there, but not building new laboratories and not investigating new features; not starting fresh inquiries.

The CHAIRMAN. Is the work they are continuing of any magnitude?

Secretary BAKER. Not very extensive, no. The Chemical Warfare Section, I believe—under correction, because I have not the details in my mind of the work of the Chemical Warfare Section—had largely gotten out of the research period and was in the period of attempting to develop the processes for rapid quantity manufacture in accordance with formulas which had been developed in laboratory research. The group of scientists who were engaged at the American University had largely changed over from seeking new destructive gases and defensive processes to the development of chemical processes for the manufacture of the things they had already evolved.

The CHAIRMAN. And had also gone on to quantity production?

Secretary BAKER. Yes, sir; that is all stopped.

The CHAIRMAN. They are not now making a demand upon the raw materials of the country?

Secretary BAKER. I think not at all; if there is any, it is very slight.

CONSTRUCTION WORK ABROAD.

The CHAIRMAN. Mr. Secretary, there has been considerable construction work going on abroad. For instance, this very service has been constructing a very large plant in France. What action has been taken by the War Department touching the construction work in France?

Secretary BAKER. It is all stopped.

The CHAIRMAN. Absolutely?

Secretary BAKER. I understand absolutely. That may be subject to minor, trivial exceptions. For instance, at one port in France, a camp which was originally constructed to have about 25,000 men is being enlarged to hold 100,000, as it is the chief port from which American troops will return home. That is almost the only one.

The CHAIRMAN. What action, if any, has been taken touching these properties and the uses to be made of them?

Secretary BAKER. You mean abroad?

The CHAIRMAN. Yes, sir.

Secretary BAKER. Of course, we are a long ways off and I can only give you what remains in my mind by reason of the exchange of cablegrams. Gen. Pershing has been in rather constant communication. He has appointed a board of advisers to advise with Gen. Harbord, under whose general direction all of this business is. That

board has as its head Mr. Stettinius, who is over there as my special representative on these business questions. I do not know the number of men on the board, but it is an advisory board, which has as its business advising Gen. Harbord on the whole matter of closing up the business relations of the expeditionary force with the people of France and the French Government. Nothing has been said with reference to disposing of property, but the plans are being worked out, salvaging as much as possible.

The CHAIRMAN. When these various plants were created were there any agreements entered into with either the French Government as such or French corporations or individuals looking to the after-war use which could be made of them and the compensation to be paid?

Secretary BAKER. I can not answer that. I think it entirely possible. I am quite certain that in a great many instances that was done, but in a great many it was not, doubtless. Our facilities are of two kinds. For instance, the locomotive setting-up shop at St. Lazare was a French railroad manufacturing establishment and it was turned over to us and we used it as a place for setting up the locomotives, while the adjacent building the French were using to set up artillery. So our withdrawal from that plant simply returns those facilities to their normal use, but in many places entirely new enterprises were established, and so it is very problematical what use can be made of those, just as in this country it is problematical.

The CHAIRMAN. Were any of them being operated?

Secretary BAKER. Yes, sir. We have a very large coffee roasting plant in Paris, which was a new enterprise. We have a very large candy factory near Paris. We have an enormous plant in Tours or near it where salvaging operations were carried on in many things, with many of the buildings permanent and some temporary, and that entire plant is in active operation and will continue in operation for some time.

OPERATION OF PLANTS ABROAD.

The CHAIRMAN. Has any policy been reached as to the continuation of operation of those plants abroad which were in operation at the time that the armistice was signed?

Secretary BAKER. Those which supply the Army will diminish their activity as the Army to be supplied is diminished, and will cease their activity only when the Army ceases to need their services. For instance, the great plant at Chateauroux for the manufacture of tanks, which was very nearly completed and ready to start, that work has been stopped and no tanks will be manufactured there.

The CHAIRMAN. They were running a large number of sawmills and lumber mills?

Secretary BAKER. Yes, sir.

The CHAIRMAN. Are they continuing that work?

Secretary BAKER. I have no information. I have no doubt that has ceased. The destruction of the French forests is a great disaster and should be stopped at once, and doubtless has been.

The CHAIRMAN. Have any orders been issued to the officers in France indicating the policy that should be pursued in connection with these activities?

Secretary BAKER. Yes, sir. Cablegrams are exchanged daily. I can give you only the substance of the first cablegram on the date of the armistice, that there should be an immediate cessation of every activity which could be stopped, and we had in reply from Gen. Pershing a telegram saying that he had given that order before the receipt of our message to him. We are exchanging views. Of course, the armistice has not been signed many days. It is all in the process of solution. It involves a great many things. We have, for instance, very large orders with the French and British Governments for the production of raw material. They have had large orders in America. The big orders with cancellations have to be harmonized. We are getting all the information we can from Gen. Harbord and Gen. Pershing, and Mr. Stettinius, their business adviser. They are working together. Mr. Stettinius went to England to close out a large number of contracts for supplies, and he has closed out a large number in France.

The CHAIRMAN. If I understand you, the matter is being adjusted from day to day as it relates to particular activities other than by blanket rule?

Secretary BAKER. The blanket rule is to close out as rapidly as possible everything which can be closed. The application of the rule necessitates, of course, the examination of each line of supplies of each particular contract. That is being done over there by a large group of experts who are devoting their whole time to it. It is being done here in the same way.

The CHAIRMAN. Have they the power to act without approval from here?

Secretary BAKER. Really I do not know whether they would have to refer back here or not; I think probably not. I think they would probably be closed without reference here.

The CHAIRMAN. They have to be fully advised as to their action in each instance?

Secretary BAKER. Yes, sir; fully.

SERVICE OF SUPPLY.

The CHAIRMAN. Have you any figures by which we could determine the amount of investment which we have made in France?

Secretary BAKER. I do not know whether those figures have gotten here or not. When I went to Europe the last time I took Mr. Stettinius with me. He was then Second Assistant Secretary of War, and the purpose of his going, with the group of experts which he took with him, was to have a balance sheet made of the American Expeditionary Force. I took him down to Gen. Harbord, who was the head of the Service of Supply, and he and Gen. Harbord started in. At the last report I had they had practically completed the balance sheet showing every investment that was of a permanent character, with all of the expenditures for property, and a list of the damage claims which we had to pay—a complete statement of our financial relations. Whether a copy of that has gotten to this country I do not know.

The CHAIRMAN. Have you, from time to time, since our entrance into the war, been adjusting claims with the French Government over there?

DIVISION OF RENTS, CLAIMS, AND REQUISITIONS.

Secretary BAKER. Yes, sir. There is a division of Gen. Harbord's Service of Supply known as the Division of Rents, Claims, and Requisitions, which undertakes to have a harmonious and unified record of claims of all kinds. There are claims of the French Government and claims of French citizens.

The CHAIRMAN. Do you know whether in point of fact they have been adjusting these claims, so that, speaking broadly, we are free from adjusting those claims?

Secretary BAKER. I do not think they have adjusted anything like the major claims, but a very large number of minor claims. I have no idea that they have at all completed the adjustment of some claims.

The CHAIRMAN. Has there been any distinction whether they were claims of the French Government or claims of the citizens of the Republic?

Secretary BAKER. I do not know whether there has been any distinction. There are two classes.

The CHAIRMAN. There might be an adjustment of one or the other, according to the definite policy, which need not apply to the other?

Secretary BAKER. I do not know how far they have gone. I understand, of course, that there would be a difference in payment to the French Government and to French citizens. A pretty definite policy of settlement has been worked out. I hesitate to give you the details, because it is subject to all the inaccuracies of memory. Everything that the French Government does for us is at cost plus a small addition to cover the overhead in the maintenance of accounting and permitting the officers to get the things for us. I do not know whether that is a variable per cent or a fixed per cent, but it is based ultimately on the cost to the French Government. That, of course, undertakes a valuation of things, and what is the cost is always a difficult matter to determine. On that general principle they are proceeding to adjust the claims.

The CHAIRMAN. Have we dealt with the French Government as such in these matters?

Secretary BAKER. Almost entirely. When we want things in France we get the French Government to place the order, and we deal with the French Government.

The CHAIRMAN. In point of fact, most of the claims will be claims of the French Government?

Secretary BAKER. Yes, sir.

The CHAIRMAN. And not the claims of individuals?

Secretary BAKER. Not most in number, but most in amount.

The CHAIRMAN. The individuals look to their own government?

Secretary BAKER. Yes, sir. That is necessary, as you will realize, to keep competition from enhancing the price. The French Government has exerted very rigid control over even such things as the dairy supplies which the army in the field would buy from surrounding farmers. They have been under price regulation of the Government, and when in some instances eggs have been charged for at a higher price than ought to have been, there has been a report from the French Government, and they have sent back the difference.

The CHAIRMAN. Those claims have been paid?

Secretary BAKER. That sort of thing is through, of course.

The CHAIRMAN. Have you undertaken to pay in the way of actual money any claims of the French Government, or have they simply been a bookkeeping account?

Secretary BAKER. I do not know. I think that large payments have been made, but I am not certain of it.

The CHAIRMAN. Was there any effort made to have the payments bear some relationship to the indebtedness of the French Government to us?

Secretary BAKER. I think not. I think that has not been at all correlated.

POWER OF SERVICE OF SUPPLY TO SETTLE AND ADJUST CLAIMS, ETC.

The CHAIRMAN. What is the machinery now under the Service of Supply for the settlement and adjustment of claims, and what is the extent of their power?

Secretary BAKER. Gen. Goethals can tell you better than I can. In a rough way we allot money to the Expeditionary Force and out of this allotment they pay for the things they need and they pay as well for adjusting claims as they do for direct purchases. The Service of Supply under Gen. Harbord, centering at Tours, has a division of rents, requisitions, and claims, and there are other divisions, a financial division as well, and the claims of the French Government or private individuals who supply things to us and who have claims against us, when adjusted are approved for payment by the commanding general of the Service of Supply, and then paid.

DOCKS, IMPROVEMENT OF HARBORS, TERMINALS, ETC.

Mr. CANNON. Take the matter of docks, the improvement of harbors, terminals, and work of that kind which we have been doing and of which I have a general knowledge; of course, they can not be moved and are we to have compensation?

Secretary BAKER. I can not answer that; I do not know. The situation in different places differs very much. In some places we have dredged rivers, built new docks, and we will probably have to hold those until we can sell them on some basis to private individuals or to the French Government.

Mr. BYRNES. Outside of Tours, at Gievres, where we started the construction of a refrigerating plant within the last 30 days, almost the duplicate of our present capacity, that construction will cease.

Secretary BAKER. It has ceased. All of that sort of construction has ceased, Mr. Byrnes.

The CHAIRMAN. In answer to Mr. Cannon's question and your statement that you did not know whether we would be able to get compensation, you mean you simply do not know whether we will be able to physically dispose of things so as to practically reimburse us? You do not mean to imply that there has been any waiver of any kind on the part of the Government of its title in fee to the property it has bought and created?

Secretary BAKER. No; clearly not, although the disclaimer of information on my part to Mr. Cannon was meant to cover a very large variety of cases. At St. Nanaire, Bordeaux, Marseilles and

all these ports the French Government has put at our disposal piers and docks already constructed and on those we have set up warehouses; we constructed adjacent warehouses that were in a state of dilapidation, converted nearby buildings to warehouse uses, and set up gantry cranes and unloading machinery. I do not happen to know what the terms of those leases from the French Government to us are, whether we are to take our property away or whether they are going to buy it at some appraised value or what disposition is to be made of it. In other places we have gone out along the naked banks of an unimproved river, as at Talmont and Les Bassens, for instance, and constructed docks in places where they have never been before and, perhaps, constructed much in excess of the peacetime needs of those ports. So that the question of the disposition of our structures there advantageously is very problematical and differs in different places.

The CHAIRMAN. I appreciate that, but the point I wanted to make clear was that there has been no waiver at any point of the Government's ownership of the property? In other words, we have not said we would build certain things for our use during the war and then after the war turn them over without consideration.

Secretary BAKER. Generally, of course, no. There may be particular places where we have said, "If you will let us have that we will fix it up for you," and we may have made minor improvements here and there, but generally the Government has retained title to all of its own property.

TRANSPORTATION OF TROOPS BY FRENCH RAILROADS.

Mr. BYRNES. Have we been furnished with a statement showing the expense of the transportation of our troops?

Secretary BAKER. You mean, French railroad transportation?

Mr. BYRNES. Yes.

Secretary BAKER. When I was over there I asked Gen. Harbord to get from the French Government a complete statement of every claim it had against the United States of every kind, and he called on the French Government to make a complete statement as to every kind of claim, liquidated and unliquidated. That was in process of being drawn up by the French and was promised for delivery on the day I sailed from France. Whether it was ever delivered I do not know, as I have not heard of it since.

Mr. BYRNES. I was told that we had no idea of what we owed them on the item of transportation.

Secretary BAKER. We may not have an idea of what they claim it is worth, but we have a perfectly definite record of just what the amount of transportation has been, both for the transportation of cargoes and transportation of persons.

COST OF WATER TRANSPORTATION.

The CHAIRMAN. We have always had definite agreements with the various governments touching the cost of the water transportation of our troops.

Secretary BAKER. No.

The CHAIRMAN. We have not had?

Secretary BAKER. No; that is in process of negotiation now.

The CHAIRMAN. With what governments?

Secretary BAKER. I am not certain it has been worked out with any government, but the British Government and this Government are at present trying to work out a basis of compensation for troop carrying.

TRANSPORTATION OF TROOPS BY BRITISH GOVERNMENT.

The CHAIRMAN. Was no agreement made with the British Government at the time they began the carrying of our troops as to the cost?

Secretary BAKER. No agreement was made. The only agreement that has ever been made on that subject was made between Lord Reading and myself in London when I was there, which was that the basis of payment should be that neither government should make any profit out of the other government for any services performed by it. To the extent that we carried persons for Great Britain our Government should not make a profit and to the extent that Great Britain carried persons for our Government they should not make any profit. That remits us to a determination of what it cost each Government to do a certain thing, and on a nonprofit basis we hope to work out an arrangement that will be satisfactory.

The CHAIRMAN. Was no effort made in the first instance to arrive at a fixed agreement or was it thought undesirable?

Secretary BAKER. I do not think any arrangement was made at the time; it was rather hurry-up business, and as far as I know no effort was made at that time to reach an agreement.

The CHAIRMAN. But there is an understanding, arrived at between yourself and the British ambassador, that the compensation shall be on the basis of cost to each Government?

Secretary BAKER. Yes.

The CHAIRMAN. Does that apply to anything other than transportation?

Secretary BAKER. No.

The CHAIRMAN. It applies simply to the transportation of men and supplies?

Secretary BAKER. We reached that agreement, yes, and it is a very complicated question. A good many months ago we were sent a bill by the British for the transportation of men; the bill was obviously at an inadmissible rate, and it was rejected. Thereupon the British Government placed the whole matter in the hands of Lord Reading, and when I went to England one of the things I went for was to work out with him the proper compensation to his Government. We agreed that experts would have to determine what the cost was, but that the principle upon which the settlement should be made would be no profit to either government out of work done for the other. Now, the difficulty of working that out, quite apart from the usual difficulty of determining just what cost is and what elements go into it, arises from these two facts, as illustrative of others. The English Government requisitioned shipping at a time when the submarine peril had not grown so great and when the shipping of the world was very much greater in quantity; as a consequence its requisitioned rate was a great deal lower than the requisitioned rate, which the United States Government was obliged

to enforce when it undertook to requisition shipping for these purposes.

If you undertook, therefore, to arrive at the cost of the British Government and based it on their requisitioned rate you find them carrying men for us at a lower rate than we figure exactly the same service for them. In the same way, our shipping law requires larger crews and larger spaces of certain sorts on the ships, thus reducing the carrying capacity of a ship as compared with a British ship operating under British maritime regulations. That would tend to make the cost of operation by the United States very much higher than the cost of operation to Great Britain. It seems wise, therefore, to get at a rate which will be interchangeable as between the British and ourselves rather than to say so many dollars per ton of cargo, and have a rate anything like fair to the British, if it is fair to us, or have a rate that is fair to us if it is fair to the British. The application of the principle of no profit is, therefore, an embarrassing basis of accounting to-day, and all that Lord Reading and I thought we could do was to agree on a nonprofit basis and then apply the rule.

CANCELLATION OF CONTRACTS.

Nitrate Plants.

The CHAIRMAN. Mr. Secretary, before adjournment we were discussing somewhat the matter of policy that was being pursued in connection with the cancellation of contracts in connection with the creation of plants for the manufacture of various necessary materials for the Army. Recent testimony before the committee showed a number of those plants were under way, and that some were in contemplation in the event the needs of the Army required them. For instance, we undertook the building of some four nitrate plants. The one at Muscle Shoals, as I recall, was under way and partly in production, and one other was partially completed and very little had been done on the other two in Ohio. What has been the policy in connection with those plants?

Secretary BAKER. The two in Ohio have been definitely abandoned and all work stopped on them, and the other two are in operation.

The CHAIRMAN. To what extent is it contemplated to continue them in operation?

Secretary BAKER. The Muscle Shoals plant, as you know, was really started under a different power. It was not a war power at all. Congress made a special appropriation of \$10,000,000 to build a plant for the synthetic production of ammonia for agricultural uses in peace times and for the manufacture of powder in war times, and that plant will probably be continued for the agricultural production of synthetic nitrate. That is also possible with regard to the other one. I do not know yet how far it will be necessary to keep the second one going. The Muscle Shoals plant will probably be a permanent one.

The CHAIRMAN. Are those plants being run at their present full capacity?

Secretary BAKER. I can not answer that; they are certainly being run as far as they are able. The intention, as you know, of that Muscle Shoals legislation was that we should experiment with the various processes for the production of synthetic nitrate, and both of the plants contracted for, the one at Muscle Shoals and the other one to which you refer, the location of which I have forgotten for the moment, are on the cyanamid process. In the meantime the art of artificial nitrate production has developed a great deal and it is doubtful whether the cyanamid process will be the final process, so that we will probably not enlarge either of those plants, but will operate them. The other two have been definitely abandoned, both of them in Ohio, one at Toledo and one at Cincinnati.

The CHAIRMAN. Nothing has been done, then, looking to the cessation of activities at these two plants?

Secretary BAKER. Not that I know of.

POWDER PLANTS.

(See p. 41.)

The CHAIRMAN. There were a number of powder plants that were being built, one at Nashville and one in West Virginia. What is the status as to those two plants?

Secretary BAKER. Both of them were partially completed; each of them had completed lines, so called, of powder production. Beginning with the raw material here and coming out with powder there and running through the whole process is called a line, and they were built in parallel lines so that each line was a complete illustration of the process. Both at Nitro and at Nashville there were certain lines completed and certain uncompleted lines. All of those which were not completed have been suspended in the building except the covering over of storage sheds and things of that kind, and operation of those plants has been very much cut down in both of them.

The CHAIRMAN. Has any policy yet been adopted as to the plant?

Secretary BAKER. No policy as to their ultimate disposition, Mr. Sherley. This policy has been adopted with regard to their present continuance of operation, but no new employees are taken on, and as the men drift away, convenient reductions in force are being made, but no sudden cessation has been authorized.

The CHAIRMAN. Has any determination been arrived at as to the quantities of powder that it is desirable to accumulate, if any?

Secretary BAKER. No; we could not do that without knowing something about the size of the Army, but in any case the quantity of powder we will have by the time we close down these operations of the Du Ponts as well as our own will be greatly in excess of the Nation's needs.

CONTRACTS WITH DU PONT CO.

The CHAIRMAN. What has been done in connection with contracts with the Du Pont people?

Secretary BAKER. I can not answer that. Mr. Du Pont came to see me, Mr. Pierre Du Pont, the president of the company, and told me they were very anxious to stop at once; that they did not want to waste material and wanted to turn quickly to other chemical industries with their entire facilities, and I sent him to see Mr.

Crowell, who has special charge of that, and they arranged whatever arrangement was possible. I think that the entire orders with the Du Ponts have been canceled.

The CHAIRMAN. Will you supply that information?

Secretary BAKER. Mr. Crowell will. You will probably want Mr. Crowell before you get through, and if your clerk will just call your attention to it, he can give you the details both as to our own situation and the du Pont situation.

FIELD ARTILLERY.

The CHAIRMAN. Now, in connection with the manufacture of field artillery, in a general way you indicated the policy of the department, but could you give us a little more detailed information? We had under contract and in process of manufacture guns of various calibers. What policy has been adopted in regard to them?

Secretary BAKER. I can not answer. There has been no policy adopted with regard to it; that is, no policy that has resulted in action, so far as I know, beyond the cutting off of overtime and Sunday work. That, of course, is the most difficult problem we have, because the amount of material partially manufactured and usable for no other thing and in which the salvage is almost negligible as compared with the completed implements is the greatest. I can not answer how far they have cut down those contracts. Mr. Crowell has that information.

The CHAIRMAN. You are not undertaking to have any additional forging done?

Secretary BAKER. I can not answer that, Mr. Sherley. I think not, but I can not answer it certainly.

POWDER PLANTS.

(See p. 40.)

Mr. GILLETT. Mr. Secretary, in reference to the new powder factories, why should they not be shut down entirely?

Secretary BAKER. They will be shut down, Mr. Gillett.

Mr. GILLETT. The men can get work, because there is work clamoring for them.

Secretary BAKER. Yes; but of course, there are a large number of employees and they are in very remote places. Nitro is about 12 miles from Charleston, W. Va., and the people have moved there with their families, and it takes a little time to distribute them. The Department of Labor is working with us in the matter, and as rapidly as we can we will stop the operations.

Mr. GILLETT. You expect to stop them as soon as you can?

Secretary BAKER. Oh, yes; as a matter of fact, I am very much embarrassed by the question as to how to store the amount of powder and high explosives which we will have.

The CHAIRMAN. You have a powder plant out in Wisconsin, have you not?

Secretary BAKER. I do not think there is a powder plant there. I think the Navy had a T. N. X. plant in Wisconsin, if I remember, which is a substitute for T. N. T. I do not think the War Department has a plant in Wisconsin.

HOUSING AT CHARLESTON, W. VA.

Mr. CANNON. Are they building houses over here at Charleston to house the employees?

Secretary BAKER. We had built a very large number, or at least we bought a lot of ready-made houses and shipped them in there and set them up. They are collapsible and can be taken down and shipped away.

Mr. CANNON. They would have some salvage value?

Secretary BAKER. Oh, yes; they have a very distinct salvage value.

The CHAIRMAN. In that connection, are you carrying on any building operations for the housing of employees?

Secretary BAKER. There?

The CHAIRMAN. Anywhere.

Secretary BAKER. Oh, no.

The CHAIRMAN. That has already been stopped?

Secretary BAKER. Yes.

The CHAIRMAN. I assume, however, there may be some houses in process of completion where you are completing simply as a matter of wise salvage in the final analysis?

Secretary BAKER. Yes; but largely those things are at places like Newport News and New York, where there will be a long-continued need for them.

The CHAIRMAN. But you are undertaking no additional construction?

Secretary BAKER. No.

NEVILLE ISLAND PLANT.

The CHAIRMAN. At Neville Island, what are you doing there?

Secretary BAKER. The last time I heard of Neville Island Mr. Crowell and the United States Steel Corporation were in conference to work out a plan of modified building at Neville Island, and had not yet worked it out, so that I can not tell you.

The CHAIRMAN. You mean as to the plant or the housing, or both?

Secretary BAKER. The plant.

The CHAIRMAN. By "modified plan" you mean modified over the \$40,000,000 project, or modified as to the enlarged project?

Secretary BAKER. The plan had not been evolved, but what they were trying to do, as I understood it from Mr. Crowell, was to get recommendations which would not go beyond the \$40,000,000 project, and yet would be expandable into a large plant at a subsequent time, if the need developed, without economic loss; that is, to build so much as could be built with the moneys actually available for that purpose and so build that it would harmonize with an enlarged project if Congress subsequently authorized it.

The CHAIRMAN. Does the department still feel that it is desirable to create this Neville Island plant?

Secretary BAKER. I think so. That is the judgment of the Ordnance people.

The CHAIRMAN. Because of the absence of capacity for guns of that kind?

Secretary BAKER. Yes; it is the only plant that America would have that would be adapted to that kind of construction.

Mr. CANNON. Could you not at much less cost find some place where there is a plant already in existence which you could enlarge for the heavy artillery required?

Secretary BAKER. I doubt that, Mr. Cannon. The only place you could do it would be at Bethlehem, I should think. I doubt whether that would be as economical as to build the Neville Island plant.

The CHAIRMAN. In completing the plants that are under way and which in many instances were planned for a temporary need, are you undertaking now to so build them as to give them more permanency and to have in view their subsequent use?

Secretary BAKER. No policy of that kind has been adopted. All building has been stopped on all such places except to prevent depreciation and loss; that is, to keep them in status quo until we can decide what use to put them to.

ARTILLERY CAMPS, WEST POINT, KY., AND FAYETTEVILLE, N. C.

The CHAIRMAN. With reference to the work you were doing at some of these artillery camps, are you continuing the character of construction that was originally planned?

Secretary BAKER. The same character and less of it.

The CHAIRMAN. The same temporary nature?

Secretary BAKER. Yes.

The CHAIRMAN. Is that considered wise in view of the fact that if those camps are justified in being built at all, they are to be used as a result of a permanent need?

Secretary BAKER. They will last for 5 or 10 years, with very slight repairs, with this temporary construction, and that gives Congress plenty of time to decide whether it wants to replace them with permanent structures.

Mr. CANNON. There was to be one camp down here in the mountains of North Carolina and one out in Kentucky, are you continuing that?

Secretary BAKER. The Fayetteville camp is intended to be continued. The one at Charlotte, N. C., is to be abandoned and the one at Raleigh, N. C., is to be abandoned. The reason for it, Mr. Cannon, is that we own the land at Fayetteville. It is a very large strip of land, exceedingly well adapted to long range maneuver and practice in arms.

Mr. CANNON. You say you own it?

Secretary BAKER. Yes, sir; that was bought.

The CHAIRMAN. Mr. Secretary, an estimate was submitted to Congress for \$1,600,000 to buy the land at Fayetteville, and for \$1,500,000 to buy land at West Point, Ky. The House carried the provisions and the Senate struck them out, and in conference they went out. You say now you own this land?

Secretary BAKER. I had supposed so. I must be wrong about it, if that is the fact. Do you know, Gen. Lord?

Gen. LORD. I do not.

Secretary BAKER. I thought we had bought that land.

The CHAIRMAN. I think you are in error about it unless the department has bought it otherwise.

Secretary BAKER. It may well be that I am in error about it, but my recollection was it was intended to buy it and I knew the House

approved the estimate, and it was just from that I assumed we owned it.

The CHAIRMAN. Mr. Secretary, the completion of those plants even though they are desirable, involves the obtaining of a lot of supplies that we will be scrapping elsewhere shortly. For instance, we have at all of these camps spent \$1,000,000 or considerably over \$1,000,000 in hospital construction and a great part of that is for equipment. Now, manifestly, you are not going to maintain the 18 cantonments over the country, all of which are equipped with just that sort of hospital equipment. Has any thought been given to the desirability of stopping that sort of work, at least to the extent of acquiring additional equipment, and if it is desirable to build, build by transferring from the other camps?

Secretary BAKER. The building and equipping, of course, are separate things. The only equipment needed in hospitals are beds and linen and things of that kind.

The CHAIRMAN. Oh, the plumbing in regard to the hospitals is a very expensive item.

Secretary BAKER. Very.

The CHAIRMAN. And the operating rooms and the surgical instruments and matters of that kind run up into the hundreds of thousands of dollars; at least, they have in the past.

Secretary BAKER. I can not answer whether they have intended to equip the hospital at Fayetteville, for instance, when constructed out of existing supplies or not; I do not know.

The CHAIRMAN. I bring it to your attention because it seems to me it would be an unwarrantable expenditure to buy such additional equipment.

Secretary BAKER. There will be none bought. I suspect we have so much more than enough on hand it will be equipped out of stock. That would be my offhand expectation in the matter.

The CHAIRMAN. I think not. I think that sort of equipment is secured as the result of contracts that are let in each instance as an incident to the building.

Secretary BAKER. That would be true of the plumbing and fixed installations, but not, of course, of the instruments and operating appliances and things of that kind, but I will look into that. That had not occurred to me.

The CHAIRMAN. That same question, in a less degree, applies even to construction. Under the terms by which many of these camps were created, they are upon leased ground with stipulations that the Government shall restore the ground to its former condition. In view of that obligation, it might be desirable even as to the actual buildings themselves to build by the wrecking of buildings that would have to be wrecked and using that material at the new camp.

Secretary BAKER. That may be possible. Mr. Crowell is having a study made, which has perhaps been completed by this time, of the various camps as to the amount the Government is obligated to pay as rent, the damage claims of various kinds, and the amount of money expended in more or less permanent structures on these places, like water systems, sewer systems, and things of that kind, with a view to determining whether in a lot of instances it would not be wiser to simply buy the land and hold it rather than to pay the things we would have to pay if we vacated. He will be able to exhibit that full statement to you with the details as to each camp.

HOUSING NEEDS OF ARMY IN AMERICA.

The CHAIRMAN. Mr. Secretary, have plans for the demobilization of the Army gone forward sufficiently for you to know what housing capacity you will need in America in order to take care of the Army?

Secretary BAKER. No, Mr. Sherley. What we have done in the matter of demobilization up to this minute, as near as I can get at it, is to demobilize 700 officers and about 46,000 men, and we hope to be able to attain a rate of between 35,000 and 40,000 men a day. The quantity of housing space needed in this country, however, is somewhat difficult to determine, because we can not tell how rapidly the troops can be spared from Europe and how rapidly returned from Europe when spared. So that the question is still unsolved.

The CHAIRMAN. You will appreciate that some of those matters will have considerable bearing upon the action this committee might desire to take.

Secretary BAKER. Undoubtedly.

The CHAIRMAN. And we will be glad to know as early as may be practicable what housing capacity you will require in America for the next year.

Secretary BAKER. As I said in the beginning, Mr. Sherley, we will be able to give you all the information we have, and yet there is a lot of it growing under our hands all the time. We are learning about it as we go along, and we will communicate it to you just as rapidly as we can, and yet when you get ready to act you will not be able to act as far as if we had completed the study, because we will still be going ahead with the studies all the time.

EXPERTS HANDLING QUESTIONS OF CANCELLATIONS OF CONTRACTS.

The CHAIRMAN. Mr. Secretary, have you organized any special machinery inside your department for the handling of the new questions that have arisen as the result of the transition from war to peace?

Secretary BAKER. You mean the contract questions?

The CHAIRMAN. Questions of cancellation of contracts, question of construction and salvage.

Secretary BAKER. Yes, sir. The question of salvage is being studied by a particular group of experts under Mr. Crowell. It has as its task the determination of what is the best use to be made of the facilities which the Government has acquired and how the most can be gotten out of them for the Government. Then there is a board of contract adjustment which has been created and operates under Gen. Goethals, the object of which is to act on each contract as to which there is an outstanding dispute between the contracting division and the contractor, with a view to getting rapid solution of the question of termination. Then throughout the country, all over the country, scattered around everywhere, boards have been set up to advise the department of suitable terms of termination as between local contractors and the War Department. Those boards ascertain the facts and report the facts and their recommendation to Washington with a view to getting all the facts rapidly before the department for settlement. That machinery has all been set up.

CURTAILMENT OF CIVIL ORGANIZATION—EMPLOYEES.

The CHAIRMAN. What has been done looking to the curtailment of the civil organization in the way of employees under the War Department?

Secretary BAKER. Here in Washington?

The CHAIRMAN. Yes, sir; and elsewhere.

Secretary BAKER. No fresh employees are taken on in Washington now, without a demonstration of the need in an individual case, and the Secretary alone can make the exception. We are losing at the rate, I think, of thousands a month, and we are gradually losing employees in Washington by resignation, withdrawal, and disciplinary separation, and we are taking on no additional ones. Notice has been sent to each division that it must rapidly reduce the number of civil employees. Mr. Scofield would be able to give you the exact orders on that subject. I can not give you either the figures or the orders, but I have been in conference with him and through him with the various divisions with a view to cutting down as rapidly as possible. That has been chiefly possible, of course, in the procurement sections. In the inspection, storing, bookkeeping, and auditing sections it has not been possible as yet.

The CHAIRMAN. Have the divisions been requested to make an examination and to report as to the number of clerks and employees that they can dispense with?

Secretary BAKER. Yes, sir. Better than that; we have directed them that they must arbitrarily reduce by a certain rate, so as to reach the disappearing figure by July of next year.

The CHAIRMAN. In the field, in these various depots, and elsewhere, what has been done?

Secretary BAKER. What has been done has not been brought to my attention.

The CHAIRMAN. They have undergone a very great expansion?

Secretary BAKER. But they are largely storage and dispatch depots. There is not yet any relaxation of their task. As a matter of fact, our greatest embarrassment at this moment arises from the fact that every war industry in America is now at the peak of production and things are coming out in such fabulous quantities that the storage problem is very embarrassing.

The CHAIRMAN. That still further emphasizes the necessity of stopping manufacture wherever it can be stopped?

Secretary BAKER. Yes, sir.

HOUSING IN WASHINGTON.

Mr. CANNON. Take the housing in Washington; has the work been abandoned on these buildings between the Capitol and the Union Station?

Secretary BAKER. Those buildings are being constructed by the Department of Labor and I do not know what they are doing. I heard the Secretary of Labor say that they were not starting any new ones and were only completing those which were so far advanced that they needed preservation from the weather, and so on.

Mr. CANNON. The truth of the matter is that unless they are absolutely needed the buildings ought to be cleared off between the Capitol and the Union Station?

Secretary BAKER. Of course, there is still great congestion in Washington. There are literally thousands of people who are inadequately housed at this minute and it would be wise to let them use those buildings as long as they are there.

STOREHOUSES.

Mr. VARE. Mr. Secretary, you have given considerable thought to the capacity for the storing of goods that are now being manufactured. How many large storehouses are uncompleted?

Secretary BAKER. Gen. Goethals can give you that in statistical form; I do not know.

Mr. VARE. Has there been any thought given to the wisdom of completing all or only part?

Secretary BAKER. Yes, sir; that has been carefully studied by Gen. Goethals.

Mr. VARE. For instance, I have in mind a great storehouse that is being erected in the southern part of Philadelphia, and I would say offhand that there ought to be very little loss on the part of the Government for the very reason that it is so located close to the Delaware River where they will necessarily require great storage facilities. On the other hand, if that same sort of a storehouse was being erected in some isolated part of the country it would be almost entirely useless.

Secretary BAKER. Undoubtedly. Another illustration of that is the construction of the big storehouse next to the Bush Terminal in Brooklyn. That will be valuable. It is a concrete and steel structure. The only way to get any value out of it is to complete it.

The CHAIRMAN. A while back I was asking you about the organization looking to the functioning on these new problems. Has any program been worked out for the creation of any additional organization abroad for the study of the problem of the disposition of Government property there?

Secretary BAKER. I gave you the only one there is, that is, the appointment of the committee, of which Mr. Stettinius is head, that advises with Gen. Harbord.

The CHAIRMAN. As I understood it, that committee was created primarily for the purpose of making an inventory of what was there and the cost?

Secretary BAKER. No; I confused the two things. When I was there I asked Gen. Harbord to have this inventory made and that was in the process of being made. When I left, after the armistice was declared, Gen. Pershing appointed this advisory committee, consisting of Mr. Stettinius and, I think, Col. Dawes and some more people already in France, with a view to formulating policies and advising upon salvage and the disposition of the property we have there. That is a different thing.

The CHAIRMAN. Mr. Secretary, of necessity your examination has been very cursory and the committee thinks perhaps it may be wiser now to take up the various items with the heads of the different bureaus with the idea of getting at exact financial figures and with the understanding that you will be available for further discussion of such matters of policy as may arise from time to time.

Secretary BAKER. Yes; Mr. Chairman, and if you will be good enough to have the several witnesses, when they feel themselves hesitant about an answer, because it involves a policy of which they are not apprised, report to either the Chief of Staff or to me, they will be informed of the question of policy and then I will be very happy to come and discuss it with you if it seems unwise for them to do so.

WEDNESDAY, DECEMBER 11, 1918.

QUARTERMASTER'S DEPARTMENT.

STATEMENT OF BRIG. GEN. ROBERT E. WOOD, OFFICE OF THE QUARTERMASTER GENERAL, ACCOMPANIED BY BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS.

GENERAL STATEMENT.

The CHAIRMAN. General, you wanted to make a general statement touching the situation confronting the Quartermaster Department.

Gen. WOOD. I want to say first that the old quartermaster appropriation is now split up under so many heads that you could hardly discuss it under the quartermaster heading. I have before me a statement which was handed to me last night by my people, which shows the entire purchases to be made by the old Quartermaster Corps to be \$254,000,000, of which \$128,000,000 is subsistence. That I am revising, trying to anticipate you by cutting it down to at least \$200,000,000, of which \$128,000,000 is subsistence. Of course, you do not carry big stocks of subsistence ahead, and as long as there are any men in the service you have to feed them, and as long as you have any animals in the service you will have to buy forage for them. We do not carry big stocks of forage. As long as we run any motors, we must buy gasoline. Outside of food, fuel, forage, and gasoline, there is nothing that I see which should be bought for the Army in the way of material for the balance of this year and for a great deal of the next two years, barring incidentals like spare parts, which it is difficult to reduce to a money value.

FORAGE—NUMBER OF ANIMALS.

The forage estimate I consider very high, but the only way to reduce that estimate is to get the General Staff to reduce the number of animals. We have 300,000 animals on this side now, and this statement of forage is based on the average amount. I asked authority to sell 150,000, because they are eating their heads off and are costing \$75,000 a day. We are authorized to sell 75,000, 225,000 to be kept for the needs of the future Army. Personally, I would not defend that number, but this estimate is based on the forage for 225,000 animals, which, on the basis of an army of 500,000, is just about 1 animal for every 2½ men. The only way to reduce that estimate is to cut the number of animals, and then you cut the forage automatically.

The CHAIRMAN. If we cut the forage, would not that force the sale of the animals?

Gen. WOOD. No, sir; because as long as you have the animals you have to feed them.

Gen. LORD. You can obligate for forage under the law.

Gen. WOOD. If the animals are on hand, nobody is going to starve them. The way to reduce that estimate is to have the General Staff reduce the number of animals. I think, personally, it would be safe to sell 150,000 to 200,000. Assuming that you then need them, you can go into the market next fall and buy them probably \$50 a head cheaper than now, and in the meantime it costs you \$30 a month for forage and personnel. I am just telling you how you can reduce that estimate.

GASOLINE.

As to gasoline, we have to estimate for gasoline on the basis of the estimates furnished by the Aircraft Service for aviation gasoline and furnished by the Motor Transport Service for motors. That, in my opinion, is too high and it should be reduced.

STATIONERY, OFFICE SUPPLIES, ETC.

There are relatively small items for stationery, office supplies, and various miscellaneous supplies that can probably be cut some, but you can not tell what that cut will be. Conservation and reclamation work, which is largely the operations of the laundries, have receipts which comes back into the Treasury every month. This item can be reduced, and you can cut the total estimate to about \$175,000,000. That will cover safely all purchases that will be needed for the old Quartermaster Corps; that is, food, forage, fuel, and gasoline.

The CHAIRMAN. You mean to leave that amount of money you say cut?

Gen. WOOD. No; to leave that amount of money for purchases for the balance of the year. If you can discharge the troops faster and if you bring those troops back from Europe faster, of course, you cut down the subsistence.

FUEL FOR MOTOR TRANSPORTATION, ETC.

The CHAIRMAN. Touching the fuel for motor transportation, we can certainly, reduce the number of machines that will be used by reducing the amount of gasoline that is available?

Gen. WOOD. Perfectly correct. They have an estimate here for 69,000,000 gallons of gasoline which after taking the stocks on hand, is 68,000,000 gallons, at 24 cents, \$16,524,000. I think that is entirely too high. You ought to see the chief of the Motor Transport Service and see if he can get it down. Likewise you have an item for aviation gasoline of 15,500,000 gallons, which, after taking the stocks on hand, is 15,373,000 gallons, at 28 cents, \$4,000,000. I should not think that they would have to do anything like that amount of flying. That estimate may be very largely reduced. The estimate for coal is my own figures, 3,691,000 tons, \$15,000,000.

SALE OF ANIMALS.

As I have already told you I just received that estimate. In my opinion that estimate can be cut to 1,000,000 tons. Forage, you can not cut unless you cut the number of animals. That is a conservative estimate when the stocks on hand are deducted. If instead

of 225,000 animals the number is reduced to 200,000 and you sell the others then you will not be feeding them. I have already arranged for the auctions and sales of 50,000 that I have been authorized to sell, but I think that we should turn the others loose to the farmers and avoid feeding them during this winter.

The CHAIRMAN. Is that money covered into the Treasury as "Miscellaneous receipts," or is it available for reuse?

Gen. LORD. Under the act of July 9, 1918—all of the money goes back to the credit of the appropriation from which the animals were purchased.

Gen. WOOD. In that case you should diminish it by the value of the sales. I did not know that. I assumed that it went to the "Miscellaneous receipts."

Gen. LORD. Only receipts from condemned supplies.

Gen. WOOD. The mules will bring pretty nearly their full face value. On the cavalry horses you will have to stand a big loss, probably 50 per cent.

Mr. EAGAN. Is there any danger if you should sell 150,000 instead of 75,000 that you would get considerably less per animal?

Gen. WOOD. I do not think so. The animals are scattered all the way to the Pacific Coast. I looked into that to see what would be the effect of selling that number of animals.

I think we could sell 150,000 just as easy as 75,000 and not ruin the market. Of course, you have got to spread it out over two or three months.

The CHAIRMAN. If you sell an animal for half its value, you have made money over eight months, because at \$30 a month you would pay out in the feed of that animal more than its cost.

Gen. WOOD. Absolutely. In my opinion, it would be good policy right to-morrow if you had to give away 20,000 of the worst animals rather than keep on feeding them, because it costs you 50 cents a day for forage, and then you have 11,000 soldiers who are taking care of those animals and you can not discharge them until you get rid of the animals. But there is a policy fixed by the staff and until you change the number of animals your estimate must remain.

MATERIAL.

Now that has to do with our estimate on material, and I think it is a perfectly straightforward estimate and I think I have told you how you can cut, if you want to cut.

The next thing is the cancellation, but I want to go back to the amount of material needed. I am handling the purchases of Engineer material, Signal Corps material, and Medical Corps material, and I would say that the same thing would apply there, that practically nothing more need be bought. In other words, you can clamp down on any further expenditures for material. There may be a little quinine or some spare parts for a machine of the Engineers, or a little telegraph wire for the Signal Corps, but taking into consideration the stocks and the need I do not see any necessity for any further money to be spent in purchases. I am disbanding my purchasing divisions just as fast as I can close up these adjustments on these contracts. I am using my buyers in settling the contracts, but outside of the Subsistence and Forage Division there is no more work for them to do; in other words, there is nothing more to be bought.

CANCELLATION OF CONTRACTS.

(See p. 53.)

In reference to the cancellations, they set up this machinery by which before we could start to suspend on a contract, we had to get clearances through the War Industries Board. I will say that in most cases they were reasonably prompt. I mean they would get them back in 48 hours in probably 50 per cent of the cases and in other cases they held them a week or 10 days. I was very impatient at that, but possibly it was good policy to see how the labor market was affected.

I felt I could take care of the manufacturer myself. I always looked on the labor market just as you said, and I think the events have shown we were correct, that there was a shortage of labor over the country, and if the labor was let out, they could easily find positions, and barring a few small towns where there was just one industry, that has proved to be the case. There has not been any great hardship worked on labor. In fact, one manufacturer in Philadelphia wired us that if we suspended it would throw 3,000 workmen out of work in his plant, and I went by his factory the next day in Philadelphia and saw that he had a sign out, "Help wanted," so I do not think there is much danger so far; possibly in February there will be. On the cancellations it has worked out differently in every industry. The cotton goods were stopped very quickly and we did not get much complaint, because there is a pretty good market for cotton goods, and the raw material is merchantable, and we had to take very few more goods, except what were actually on the looms, and the raw materials are worth about as much as they were before we stopped the contracts. All the garments and underwear and shoes and anything that was a commercial article we let what was in process go through. We stopped the cutting everywhere. That was the first stop, and we stopped dyeing everywhere, and then what was on the looms went through. In some cases that took two weeks and in others five weeks.

CUTTING OF LEATHER FOR SHOES.

As to the shoes, we stopped the cutting of leather, and we have been having a fight with the shoe manufacturers on just how much is to be done. They wanted to cut more leather, and they issued an appeal. These were our most difficult propositions.

The CHAIRMAN. You say the leather people wanted to cut more leather?

Gen. WOOD. The shoe people wanted to cut more leather.

The CHAIRMAN. There is a tremendous shortage of leather in the world.

Gen. WOOD. The great trouble there, Mr. Sherley, is, unfortunately, while our people protested against this from the buyer's standpoint, the people abroad insisted that these shoes be made out of what is called bark leather, which is unknown in this country, which is not a marketable article, and which no shoe manufacturer will have. That bark leather costs 70 cents a pound, and it is not worth 30 cents a pound. We got the tanners together, because we started at the raw material, and made them agree not to tan any more leather. So we stopped the supply of leather from the tanners.

Then we went to the shoe manufacturer and told him that he would get no more leather from the tanners and that he had to stop cutting any more; that we would take what leather had gone on the machine and take it in the form of the shoes, because in a \$7 shoe there is only a 70-cent labor cost, and we know we can sell a \$7 shoe for more than 70 cents, so it was good business to put them through. It was not like the case of a gas mask. Our difficulty with the shoe men comes in on this bark leather. They say that they won't take it and that it has no value and that if we want to get any value at all we had better work it up into a shoe. What I am doing now is to have an inventory taken. They claim they have 75 per cent of the bark leather necessary to complete their contracts on hand. I know they have not, but I am having my inspectors take an inventory, and then I will make my adjustment with them.

Mr. EAGAN. You say they contend it has no value for ordinary commercial uses?

Gen. WOOD. They are correct in that. There is not a shoe made of that leather in this country.

The CHAIRMAN. Why?

Gen. WOOD. Because even the farmer and the miner do not wear a shoe of that character. It is a shoe with the rough side out; and, mind you, the shoe man, if he makes up a shoe of that kind, has got to sell it. The Government can not sell it, because you would be filling up your storehouses.

The CHAIRMAN. It is a rougher shoe than there is any commercial demand for?

Gen. WOOD. The tanners in this country use what they call a chrome retanned leather, which all shoes—even work shoes—are made of. We felt this way about this bark leather in June, when this order came over, and we sent letters to Gen. Rogers and Gen. Pershing calling attention to the fact, first, that it was much more expensive, because the tanners in this country had not tanned any of it, and we had a long argument about it, and it finally ended up by their saying they had to have bark leather because it was supposed to stand the wet and dampness of the trenches better than our ordinary commercial leather. We finally gave way.

The CHAIRMAN. It is just as usable, or even a more usable shoe, then, but it does not look so well, and our people—

Gen. WOOD (interposing). It is harder to make up, and their machines are not made for it and it is not marketable in this country. However, I think we could get out on our shoes. They have sold 1,000,000 pairs abroad, and we sold 400,000 pairs to the Italian Government, and I think we can get on what are made up an average of certainly 50 per cent and possibly more.

RESERVE SUPPLY OF SHOES AND CLOTHING.

The CHAIRMAN. General, right at that point, are you undertaking in regard to shoes and clothing to pile up a reserve in America?

Gen. WOOD. I am not paying any attention to the reserve. I know that there is so much surplus that I am trying to move this stuff. I went through this proposition once before in Panama, and I know that if you let this stock remain too long you will be appropriating money for the next ten years to take care of it, and when

you finally do sell it, you may have spent \$1.25 on an article that you realize a dollar on. The main thing is to move it and move it as quick as you can. I am trying to place it with the foreign governments, with Mr. McCormick in Russia, and am sending men over to Europe to see if they can not move it. The outlook on shoes, and for that matter on almost everything, appears encouraging. I know if they signed the treaty of peace we can very easily sell it to the enemy governments, there is no question about that, and probably get a pretty good price for it; but the main thing is to move this material before it begins to clog and litter up your warehouses and before you have to hold a big force taking care of it.

The CHAIRMAN. There is no disposition, then, on your part, and is there any on the part of the Staff, for the accumulation of a reserve of shoes and clothing, with the idea of having in stock the equipment for a given number of men in case at any time this country wanted to quickly mobilize a large force?

Gen. WOOD. To tell you the truth, I have not consulted much with them on it, because I knew the surplus was so large that I have gone right ahead, and as far as that goes the quantities are so enormous that even if we make good progress in these sales at the end of a year you will probably have a reserve for two or three years for an army of half a million men. It is an academic question so far.

The CHAIRMAN. Some men seem to have an idea that there should be a reserve by which 1,000,000 men or more could be immediately clothed, equipped, and put in the field, and I wanted to learn from you whether it was practicable, assuming you wanted to do it, to keep so as to prevent deterioration equipment in the way of shoes and clothing and underclothing?

Gen. WOOD. Yes; I think it is, and for that matter I think it would be good policy to lay aside a reserve on clothing for 1,000,000 men for two years, because I do not think you can sell down to that even within one year. At the end of the year if your sales are going well and if you find you can dispose of some of that reserve to advantage, I would sell it, and cut the reserve down to half a million men for two years. But right now it makes no difference because you will have to keep the reserve whether you want it or not, because you can not sell it off fast enough. That is one thing that has got to be borne in mind in connection with your operations. I am speaking I feel I can say, from a disinterested standpoint, because I hope to put on civilian clothes next month, but I think you have got to allow for a considerable force and a considerable expense in taking care of those stocks for the next year. You can keep a check on it by making the expense of that force come out of your proceeds; in other words, make it self-sustaining and more so.

CANCELLATION OF CONTRACTS.

(See p. 51.)

As to our cancellations, I can not give you anything but very approximate figures under certain heads until I get the inventories of the raw materials, yarn, wool, and, in the case of shoes, leather, findings, steel plates, etc., in the hands of the manufacturers. I am using my inspectors to take those inventories; but we canceled, after allowing for the settlement that we would have to make in these

canceled contracts, \$200,000,000 of the motor-transportation contracts. Since this statement was given to Gen. Lord I have canceled 4,000 more, which will represent about \$12,000,000. I am still not satisfied that we have gone far enough in the cancellation of motor transportation. Of course, you have more material in process of manufacture in the construction of a motor truck than you have in the fabrication of a yard of cloth; in other words, you begin machining earlier, but I believe we can lop off another \$5,000,000, and that still leaves \$93,000,000 worth of contracts for motor transportation outstanding, which I think may be cut down to \$88,000,000. That includes all the motor transportation for which I am responsible, but it does not include the artillery trucks, machine-gun trucks, and motor transportation ordered by the Ordnance Department. We have written them and told them they should cancel. We have told them, so far as we were concerned, we did not want to have them in storage; but what they have done in that matter I don't know. We have got \$88,000,000 worth of motor transportation contracts outstanding after allowing for a further lop-off of \$5,000,000.

Mr. EAGAN. Are the motor-truck people protesting against its cancellation?

Gen. WOOD. Yes, sir; they protested pretty strongly; in fact, I have used Mr. Sherley's name in vain in every meeting of manufacturers that comes up. To speak frankly, I have used Congress as a club. I have said that unless they came to a settlement and accepted these settlements the balances would be withdrawn and there would not be any money to pay their settlements with. They think we have been too severe, most of them, particularly the woolen men. The woolen men are in a bad position. The cotton men have not given us any trouble. The shoe men are a hard lot to deal with. As to subsistence, of course, we only had a few contracts to cancel, like emergency rations, trench rations, hard bread, and we cut those off right away, and we settled with them on a basis of about 5 cents on the dollar. In other words, it only cost us 5 cents to settle a contract for \$1, and we got off very cheaply. As to the various hardware items, what we call general supplies, we have gotten off pretty well on those because they are marketable articles, most of them, and the manufacturer will agree to take the stuff back at a very small reduction. The hardest propositions are the uniforms, the shoes, and the motor transportation, and the motor transportation is the largest single item.

TRANSFER OF TRUCKS TO POST OFFICE DEPARTMENT.

To-day we are transferring 14,000 trucks to the Post Office Department.

The CHAIRMAN. Under what authority?

Gen. WOOD. They have some provisions in one of these acts that allows them to take over surplus material. They quoted the law to us.

The CHAIRMAN. I wish you would put in the record the provision of law authorizing the transfer of these motor trucks.

Gen. WOOD. Yes, sir. They showed it to me this morning.

That the Secretary of War may, in his discretion, deliver and turn over to the Postmaster General from time to time, and without charge therefor, for use in the Postal Service, such aeroplanes and automobiles, or parts thereof, as may prove to be, or as

shall become, unsuitable for the purpose of the War Department but suitable for the use of the Postal Service; and the Postmaster General is hereby authorized to use the same, in his discretion, in the transportation of the mails and to pay the necessary expenses thereof out of the appropriation for inland transportation by steamboat or other power boat or by aeroplanes or star route. (Sec. 8, Post Office appropriation act, July 2, 1918.)

The CHAIRMAN. Are they paying for them?

Gen. WOOD. No, sir; they do not pay for these trucks.

The CHAIRMAN. Why not?

NUMBER OF TRUCKS ON HAND.

Gen. WOOD. That is the provision of law which they quoted, that they are to be transferred without cost to them. Mr. Sherley, I am not arguing for the Post Office Department, but it seems to me that even cutting these contracts down you will have, as far as we will estimate, forty or fifty thousand Army trucks in this country. You can store cases of underclothes or bales of cotton or axes in a storehouse and forget them, and it is very little expense and very little trouble, and you have plenty of covered storage; but there is no place on earth to store these trucks unless you put up garages all over this country. You have an expensive piece of machinery—say, a \$4,000 truck—and unless you have a man oiling and lubricating and tinkering around that truck, at the end of the year you will have a heap of junk, and therefore if another department of the Government can use them to advantage, it seems to me it is a very good policy to let them have them.

The CHAIRMAN. What have you to say about the garages that will be created and the gasoline that will be used and the employees that will be employed in order to keep those trucks running?

Gen. WOOD. I do not know anything about the workings of the Post Office Department, but I assumed they were going to be on a self-supporting basis.

As near as we can figure, we will get about \$480,000,000 in savings, but until I get these inventories to see what amount of raw material I will have to settle on, and above all, until I find out what the market price of wool is going to be, I can not tell, because all my settlements—first, with the woolen mills and then with the garment manufacturers—hinge on the price of wool. It is taken in at \$2 a pound or \$1.50 a pound, I have forgotten which, and, for instance, if a manufacturer is left when we stop him with 100,000 pounds of wool, there is a shrinkage of so much in the market value.

Mr. EAGAN. Are you not up against that same trouble in the truck situation?

Gen. WOOD. Not so much, because the raw material they had on hand we are letting them put through, and most of it was machined. Our principal trouble in these settlements is on the leather, boots, shoes, and on the woolen textiles, which are big items. Of course, most of our stuff has some use. It is not like a gas mask. There are a few items like the trench rations, puttees, and solidified alcohol, which is a special product that there is no use for, and those we stopped quick. We have a large raw material bill to settle with some of those people.

CONSTRUCTION WORK FOR STORAGE OF SUPPLIES.

The CHAIRMAN. What are you doing in regard to construction work?

Gen. WOOD. We have practically none. I mean in the end of the Quartermaster's Department that I handle, we are not constructing any plants. We were using commercial plants.

The CHAIRMAN. How far are you advising the other departments touching the question of storage needs of this country?

Gen. WOOD. I have never handled storage. It has been handled by Gen. Goethals personally, but I think I can tell you that the South Brooklyn project they expect to push through and——

The CHAIRMAN (interposing). I did not mean that phase, but your knowledge of the stocks on hand that will be one of the determining factors in the amount of storage capacity that the Government will have to have. Are you making available to the storage people data as to the supplies?

Gen. WOOD. That storage is under me; I control that storage. I think we will have enough covered storage with the completion of the South Brooklyn project and the completion of the Norfolk project, both coming through next month, and by utilizing the vacant barracks in the camps as storehouses, until we work that stuff off. I do not think we will need any more covered storage. The great problem is going to be with this immense amount of ordnance that is coming through—these motor trucks, and some of the machinery of the Engineers. They have sold to the French all the undelivered portion of the cars and locomotives, thus getting rid of them. So, we have not that question of storage. The Railroad Administration has taken the rails off of our hands. We are shipping them into Norfolk and they are distributing them from there. We will not have a great deal of machinery of the Engineer Department to store. The Signal Department is very small and we can cover all their needs in storage. The Medical Department is very small. The quartermaster material, outside of the trucks, goes into covered storage. We can get into South Brooklyn when that is finished.

RENTS.

We now rent the Bush Terminal at a cost to the Government of \$1,800,000 a year. The sooner we can get out of there and into South Brooklyn the better for us. The same way down at Norfolk. We have Lambert's Point, which we rent from the Norfolk & Western, and when this new project is completed we can put the stuff in there. The reserve warehouses at Schenectady and Columbus are completed, and this material is moving in there. Everything that we can get into covered storage, I believe, can be taken care of. It is coming to us so fast that it is a question of unloading, not storage. The problem of ordnance I have not taken up.

MEDICAL SUPPLIES.

The CHAIRMAN. In connection with medical supplies, we were called on to appropriate sums that did not appeal to the judgment of any of us, but which, because they related to the care of the soldiers,

the sick and wounded, were allowed. Has that all been cut off? For instance, I recall in the way of surgical dressings a good many million dollars which were appropriated.

Gen. WOOD. We have just taken over the purchase and storage from the Medical Department and the Engineers in the last two months. The Medical Department did not know what a stock report was, and I am trying to take an inventory all over the country of their stuff. In fact, I am arranging for an actual physical inventory of everything that the Government has. A stock report was apparently unknown in any of those departments. We found at Philadelphia, for instance, 50,000 yards of cloth that was left there from the Spanish-American War. It sold for double the price. That stuff had been forgotten, and unless the inventory is taken now, you will have the same thing again. It will aid you in disposing of this stock, because you will know where to go and from where to ship. As to the Medical Department, I can not conceive of any department of the Government not having enough material, except food, which you can not lay in ahead, and storage and fuel.

The CHAIRMAN. In the case of everything else, the purchases ought to stop?

Gen. WOOD. Of course, there are a few purchases that will have to go on.

The CHAIRMAN. Do you know, as a matter of fact, whether they have stopped in the case of the Medical Department?

Gen. WOOD. Yes, sir. I am doing the buying, and every authorization I sign. To the best of my knowledge I have not signed a single one covering medical supplies since November 12, except for the furniture and equipment of the hotel which the Medical Department took over, I have forgotten just where, for the wounded men. The equipment amounted to \$91,900. I refused to sign it unless the Surgeon General stated that it was absolutely essential. He said it was absolutely essential and so I signed the authorization for the purchase of the \$91,000 worth of material.

Col. WOLFE. Was that not Base Hospital No. 9 at Lakewood?

Gen. WOOD. No. I have not signed anything except for the purchase of spare parts, food, forage, and fuel.

REDUCTION OF PERSONNEL.

The CHAIRMAN. What are you doing in the way of the reduction of your personnel?

Gen. WOOD. I have on my desk every Monday a draft of, for instance, November 9, 16, 23, and 30, showing the number of officers, enlisted men, and civilian clerks in my office on November 8, 15, 22, and 29, which is a weekly report and which shows the number of each. If it does not show, in my opinion, a proper reduction, I see the head of the division. In the Purchasing Division the reduction outside of subsistence is already 50 per cent. Of the 750 officers we have on duty here in Washington we have discharged 150, and the only reason they have not been discharged faster is that we have not wanted to clog The Adjutant General's office. In the case of the clerks, we have gotten, I should say, about a 20 per cent reduction. This is exclusive of Gen. Lord's force, who now has an independent force, and whose work in connection with the troops, I assume, should

increase. I am talking of the Quartermaster Department outside of finance. I have instructed each depot quartermaster and each man in the field to keep a similar statement. I will not get that until the end of the month. He has been told to lop off. I do not know exactly the amount of the reduction here in Washington, but I can send you the graphics, if you want them.

The CHAIRMAN. Where are you housed?

Gen. WOOD. In the Munitions Building. We have the whole building.

The CHAIRMAN. Are you housed anywhere else in Washington?

Gen. WOOD. Not except Gen. Lord's division. I have our entire force there, purchase and storage.

The CHAIRMAN. Have you any space in that building?

Gen. WOOD. Yes, sir. I was talking with Gen. Lord this morning. We should be able to turn over two or three wings to him in a week, because our force is being reduced. The camp quartermasters, as they are called in these camps, continue their work until the camp is abandoned. In other words, they have to take in this immense amount of material. I suggested to the General Staff that by closing up, by absolutely abandoning certain camps right away, they would cut out the overhead right away. The camp quartermaster is a part of the overhead. If you string along that process for three of four months you have to keep a good part of your overhead, because just as long as the stuff continues to come, you have to receive it. At the ports we are cutting out all ports after January 1, except New York and Norfolk, cutting out the shipping force and the offices leased. We have cut out the base storing plant in New York, closed up the big purchasing division that we had in New York, and in every direction lopping off just as fast as I could see the opening.

SHIPPING SUPPLIES OVERSEAS.

The CHAIRMAN. To what extent are you shipping overseas supplies?

Gen. WOOD. What they asked for for December was 1,220,000 tons of material for all corps. They cut that first to 800,000 tons, then to 600,000 tons, and then to 346,000 tons. For January they have cut it to 213,000 tons, of which 100,000 tons is food and 40,000 tons is forage. I cabled over to Gen. Rogers for his stock report in order to determine shipments. He has 300,000 tons of subsistence there now. That is a three months supply for a million and a half men. We have to reduce the shipments still further, because as long as you have 100,000 tons to ship you have to buy. If he would trust me to look over their stock reports and just ship over what is necessary for a safe reserve we could probably cut off 40,000 tons of subsistence. The 40,000 tons you can figure on costing at least \$200 a ton, landed in France. That is \$8,000,000. But they directed us to ship as requested. So I am arranging to ship the 100,000 tons in January. They may make that up in February or March. I want to release the shipping and to clean up, because just as long as you are going, of course you have the overhead and everything else, all the way down. In the last analysis your appropriation for the balance of this year largely depends on how fast you reduce the army. There is where the big cut comes.

Mr. CANNON. What army?

Gen. WOOD. The army in France and here.

Mr. CANNON. The army abroad, judging from the newspapers, for months to come is to be 500,000 people.

Gen. WOOD. You can figure, even when the army abroad is not in active operation, that every man is costing you at least \$2,000 a year. You can not get away from it.

Mr. BYRNES. \$2,000?

Gen. WOOD. That is what it is, including the cost of transportation.

Mr. CANNON. The army is evidently going into Germany?

Gen. WOOD. Yes; but that should not increase its cost to speak of; a little longer line of communication.

I have gone over this list of cancellations because I anticipated and I think I saw the viewpoint of Congress from the very first day and I commenced to issue notices of clearance. I sent out my telegrams right away, and while the War Industries Board protested, they did not delay very much.

The CHAIRMAN. You are free now to clear without their approval?

Gen. WOOD. Yes, sir. I am not paying any attention to any clearances. The notice has gone out to every manufacturer.

The CHAIRMAN. Are you transferring any property to any other departments of the Government?

Gen. WOOD. Not so far. I am trying to have a committee appointed by an Executive order so that every department of the Government and the Railroad Administration will clear their purchases through us and buy from us.

The CHAIRMAN. You knew, of course, there was an order in regard to office supplies and things of that sort in the District of Columbia?

Gen. WOOD. We have talked to the Treasury people and worked with them on those things. The only way you can do is to make those people clear their purchases through the Army before they go out and buy. For instance, the Navy advertised for bids for about 300,000 suits of underwear and we have 21,000,000 suits. Their specifications are a little different from ours. We finally got them to stop. From my experience with the Government departments, they will go ahead and buy rather than take over a surplus from another department. They ought to be made to clear purchases on anything that they can buy through the Army.

The CHAIRMAN. Have you requested an Executive order to that effect?

Gen. WOOD. I requested Gen. Goethals to obtain an Executive order covering this matter, but thus far no action has been taken.

DECEMBER 19, 1918.

GEN. GOETHALS,

Director of Purchase, Storage and Traffic.

Please note attached. Mr. Sherley was anxious to find out what action has been taken toward obtaining a committee through which clearances of Government department purchases would be made as a means of working off our surplus stocks.

R. E. WOOD,

Brigadier General, United States Army, Director of Purchase and Storage.

MONDAY, DECEMBER 2, 1918.

**STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE,
OF THE QUARTERMASTER CORPS.****GENERAL STATEMENT.**

The CHAIRMAN. Gen. Lord, the Secretary in making a general statement touching the steps that have been taken by the War Department since the signing of the armistice relative to reducing expenditures and the cancellation of contracts had occasion to refer to a financial statement that had been prepared for him, the details of which in many particulars do not correspond with a table submitted to me by Gen. Goethals as a result of a suggestion of mine. Can you explain just wherein lie the differences and what set of figures we are to use?

MONEYS TO BE COVERED BACK INTO THE TREASURY.

Gen LORD. This first statement was prepared under pressure to be delivered at a certain time, and is essentially correct. A more extended and elaborate statement was made following that, which has been submitted to you by Gen. Goethals. If you will look at the recapitulation of this original statement going to the last column, the second item, you will find that the estimated savings to result from contracts canceled, terminated, or reduced since and after November 11 are given as \$82,050,283. In the statement submitted later by Gen. Goethals you will find that the estimated savings under obligations have been reduced to \$54,145,530.73. After this statement was submitted we called upon the financial divisions of all the bureaus for a supplemental statement which would give, in addition to the amount saved by termination of contract—that is, the reduction of obligations—a submit of how much they would save out of their unobligated balances.

Those reports when received were not satisfactory, and yesterday I had these representatives report to my office and found that the Medical Department had overlooked in their submit of obligations a total of \$27,904,769.25, a portion of which was involved in interbureau requisitions and some other definite outstanding obligations which they had not taken into account. That \$27,000,000 plus is the difference between the \$82,000,000 originally submitted and the \$54,000,000 plus in the later statement. In the first statement submitted, if you will turn to the fourth item, you will find that the total savings under obligations submitted by the Engineer Corps amount to \$239,387,750, which exceeds the amount given in the later statement by \$80,000,000. That \$80,000,000 was explained by the Engineer Corps as being a duplicate saving reported from the Depot Division or their general depot, which was also allowed by the party submitting the statement. In the Chemical Warfare Service, which is the seventh item, the original total given was \$29,495,822.25 as the savings under obligations. Consulting with their representative I found they had obligated their entire appropriation; that they had left nothing for their current expenses or to close up their business. They reserved \$3,000,000 for operation. The total was again affected by the Aircraft Production report, which is the fifth item in the first chart. They reported a total of \$402,000,000 as their total saving.

After consultation with them I requested them to separate that into the parts where it belonged, because their submit, which they rendered as being exclusively a saving under obligations, included savings also under their unobligated balances; that is, the saving under obligations was \$177,095,725.88, leaving the saving under the unobligated balance at \$224,904,274.12, whereas that portion is carried in their savings, in the later statement, as a part of the savings under the unobligated, so that their total saving is the total which is figured in here as \$402,000,000.

These changes reduced the balance reported as savings under contracts in your first statement by \$335,809,043.37, which is the difference between the total savings under obligations given in this compilation and the total under savings under obligations given in the later statement.

The CHAIRMAN. If I understand you, this latter statement is the one you wanted to be guided by as representing the actual conditions?

Gen. LORD. Yes; it is more complete and gives the additional information which you need and which is not in the first statement. That statement was given along the lines of what was requested. They asked us to give such and such information, which we hurriedly prepared, and there are one or two other mistakes in compilation there which do not affect the total, but this is a more nearly correct statement.

QUARTERMASTER CORPS.

The CHAIRMAN. According to the figures of the Quartermaster Corps, there has been appropriated \$12,265,899,917.40. That covers what period of time?

Gen. LORD. Beginning with the first war appropriation act of June 15, 1917.

The CHAIRMAN. And is exclusive of all appropriations made prior to that time?

Gen. LORD. No; it also includes the Army act of May 12, 1917, excluding everything prior to that act. The act of May 12, you will recall, was passed after the declaration of war, but was the regular appropriation. Congress adjourned the preceding March 4 without passing the regular appropriation act which was based on estimates submitted on a peace basis, and it was afterwards enacted after the declaration of war.

The CHAIRMAN. This statement further shows that there has been expended as of October 31, 1918, \$5,018,131,842.51.

Gen. LORD. That includes absolute expenditures in this country and funds furnished to France which we infer have all been expended. It is the money that has been provided, and we take it for granted that that is a real expenditure.

The CHAIRMAN. Do you know how much of that amount went abroad?

Gen. LORD. \$558,204,592.64.

The CHAIRMAN. Perhaps it would be well to first make a further separation of the first item of amounts appropriated of something over twelve and a quarter billion dollars into cash and contract authorizations.

Gen. LORD. If you will turn to the itemized sheet of the Quartermaster Corps which is next to the recapitulation which you have, the

second column shows total disbursements, the next column is the balance, and the next column the unpaid obligations. The total of the second column and the fourth column would give the total of all obligations, including the payments thereunder.

The CHAIRMAN. No; you are misunderstanding my question. I am not talking of obligations as they may be incurred by the department—that is, what may be obligations to be met out of moneys already appropriated or out of moneys subsequently to be appropriated. I am talking about what division there was in the way of cash appropriated under these various acts and contracts authorized under these various acts, the total of the two amounting to the twelve billion two hundred and sixty-five-odd million dollars.

SUPPLIES, SERVICE, AND TRANSPORTATION.

General, the first classification of the items that go to make up the amounts which have been appropriated for the Quartermaster Department, which total twelve billion two hundred and sixty-five-odd million dollars, is carried under the head "Supplies, service and transportation." As I understand it, that really is a consolidation of three or four legislative items?

Gen. LORD. Five; yes, sir.

The CHAIRMAN. You are not prepared this afternoon to subdivide it into these legislative items?

Gen. LORD. No, sir.

PAY OF THE ARMY.

(See p. 73.)

The CHAIRMAN. We will, therefore, disregard that item for the present and take up the next item, which is "Pay of the Army." Under that head there has been appropriated \$3,199,696,318.44?

Gen. LORD. Yes, sir.

The CHAIRMAN. Your statement shows that there has been disbursed to October 31, \$1,037,197,405.24?

Gen. LORD. Yes, sir.

The CHAIRMAN. By disbursed, you mean that money has been drawn out of the Treasury against that item?

Gen. LORD. Yes, sir.

The CHAIRMAN. And either actually paid out to the officers and men and those entitled to receive it, or has been put to the credit of disbursing officers for the purpose of paying it out in that way?

Gen. LORD. Yes; it is the actual expenditure in this country, and for overseas it has been overdrawn from the Treasury and placed to the credit of disbursing officers in France.

The CHAIRMAN. That leaves in the Treasury to the credit of this item, "Pay of the Army," \$2,162,498,913.20?

Gen. LORD. Yes, sir.

The CHAIRMAN. That is unobligated and is available for the various items under "Pay of the Army"?

Gen. LORD. Yes, sir.

The CHAIRMAN. Your statement shows that you estimate that you can save from that unobligated balance \$749,535,107.81?

Gen. LORD. Yes, sir.

The CHAIRMAN. On what basis have you predicated that conclusion?

Gen. LORD. The only policy that we have, which has been furnished by the office of the Chief of Staff, is that on July 1 there will be in the service 500,000 men, and that includes the overhead and everything in connection therewith. Working a weighted average and starting with July 1, 1918, we find that there would be an average of 2,544,583 enlisted men in the Army for the entire year and a proportionate number of officers, or 70 per cent of the number for which appropriation has been made. Therefore a saving of 30 per cent will result in the various items which are submitted. We need for the remaining seven months of the current fiscal year the difference between the unobligated balance, which is \$2,162,498,913.20, and the saving we make of \$749,535,107.81.

The CHAIRMAN. You have five completed months?

Gen. LORD. Yes, sir.

The CHAIRMAN. Of "Pay of the Army," which is not a matter of speculation, but is a matter of knowledge within very limited figures of variation. In other words, you have known during each of those five months the number of officers and men in the Army and their pay, so that you could subtract from the "Pay of the Army" which you have paid out the amount of money necessary for those five months. That is true?

Gen. LORD. Yes, sir. We have the returns for July, August, September, and October.

The CHAIRMAN. For four months. Then, as to the remaining eight months, you start as of the first of November with a given number of men and officers and a pay roll of so much money, and you figure that by the first of July the number of officers and men will be reduced to 500,000 and you can make an average for those eight months. Is not that what you should do instead of making a weighted average for 12 months?

Gen. LORD. You think it would be more correct?

The CHAIRMAN. I am submitting it to you.

Col. WOLFE. You will get exactly the same result if it is done correctly.

The CHAIRMAN. No; your weighted average is an approximation and it is an approximation for 12 months, whereas four of your months do not need to be approximated at all; they are an actual fact on which the data is available.

Col. WOLFE. If you can get the weighted average extending over 12 months instead of eight months you are very apt to get a more accurate return.

The CHAIRMAN. Gen. Lord, we will put into the record the table which you have supplied and which shows the explanation of the reduction of \$749,535,117.81 for the pay of the Army, and then if you will have a reexamination of the matter made on the basis of taking the actual ascertained pay of the Army at as late a date as the figures are available, and from that date until the 1st of July figure your weighted average, we would be glad to have that for what it may indicate as to the probable saving.

Gen. LORD. Yes; we will also be able probably to give you a better idea of the number of men that will go out month by month than we have had up to date, because it has been a very uncertain matter.

Appropriation, "Pay of the Army, 1919."

July 1, 1918	2,500,000	.....	× 12	.....	\$30,000,000	
Aug. 1, 1918	2,830,000	330,000	× 11.5	.....	3,795,000	
Sept. 1, 1918	3,015,000	185,000	× 10.5	.....	1,942,500	
Oct. 1, 1918	3,155,000	140,000	× 9.5	.....	1,330,000	
Nov. 1, 1918	3,395,000	240,000	× 8.5	.....	2,040,000	
						\$39,107,500
Dec. 1, 1918	3,295,000	—100,000	× 7.5	.....	750,000	
Jan. 1, 1919	3,145,000	—150,000	× 6.5	.....	975,000	
Feb. 1, 1919	2,895,000	—250,000	× 5.5	.....	1,375,000	
Mar. 1, 1919	2,545,000	—350,000	× 4.5	.....	1,575,000	
Apr. 1, 1919	2,095,000	—450,000	× 3.5	.....	1,575,000	
May 1, 1919	1,595,000	—500,000	× 2.5	.....	1,250,000	
June 1, 1919	1,070,000	—525,000	× 1.5	.....	787,500	
July 1, 1919	500,000	—570,000	× .5	.....	285,000	
						8,572,500

30,535,000÷12= 2,544,583, average number enlisted men.

The appropriations for pay of the Army for the fiscal year 1919 carried funds for an average of 255,719 officers and 3,655,416 enlisted men.

On the assumption that during the fiscal year 1919, the increases and decreases will occur as shown by the above table, funds will be required for an average of 2,544,583 enlisted men, and a proportionate number of officers, or 70 per cent of the number for which appropriation has been made. Therefore a saving of 30 per cent will result in the following items, excepting foreign-service pay:

	Amount appropriated.	Saving.
Pay of officers of the line.....	\$351,295,205.87	\$105,388,561.76
Additional pay for length of service.....	3,506,152.99	1,051,845.90
Pay of enlisted men of the line.....	1,077,589,624.60	323,276,887.38
Additional pay for length of service.....	8,520,000.00	2,556,000.00
Pay of enlisted men, Ordnance Department.....	29,733,043.56	8,919,913.06
Additional pay for length of service.....	180,000.00	54,000.00
Pay of enlisted men of Quartermaster Corps.....	103,658,577.00	31,097,573.10
Additional pay for length of service.....	350,000.00	106,000.00
Pay of enlisted men of Signal Corps.....	92,791,945.62	27,837,583.68
Additional pay for length of service.....	150,000.00	45,000.00
Aviation increase.....	4,916,800.00	1,475,040.00
Pay of enlisted men of Medical Corps.....	138,238,534.26	41,471,580.27
Additional pay for length of service.....	380,000.00	108,000.00
Pay of officers, General Staff Corps.....	971,460.00	291,438.00
Additional pay for length of service.....	40,000.00	12,000.00
Pay of officers of the Adjutant General's Department.....	1,970,676.00	591,202.80
Additional pay for length of service.....	35,000.00	10,500.00
Pay of officers of the Inspector General's Department.....	763,280.00	228,987.00
Additional pay for length of service.....	23,000.00	6,900.00
Pay of officers of the Engineer Department.....	27,772,191.00	8,331,657.30
Additional pay for length of service.....	90,000.00	27,000.00
Pay of the officers of the Ordnance Department.....	14,655,168.00	4,396,550.40
Additional pay for length of service.....	70,000.00	21,000.00
Pay of officers of the Quartermaster Corps.....	29,042,028.00	8,712,608.40
Additional pay for length of service.....	250,000.00	75,000.00
Pay of officers of the Medical Department.....	110,727,936.00	33,218,380.80
Additional pay for length of service.....	300,000.00	90,000.00
Contract surgeons.....	250,000.00	75,000.00
Nurses.....	22,518,600.00	6,755,580.00
Pay of officers of the Judge Advocate General's Department.....	1,031,588.00	309,479.40
Additional pay for length of service.....	15,000.00	4,500.00
Pay of officers of the Signal Corps.....	53,310,024.00	15,993,007.20
Additional pay for length of service.....	100,000.00	30,000.00
Aviation increase.....	12,744,000.00	3,823,200.00
Clerks and messengers.....	5,181,480.00	1,554,444.00
Commutation of quarters, field clerks.....	605,568.00	181,670.40
Commutation of quarters, officers and enlisted men.....	109,211,520.33	32,763,456.10
20 per cent to enlisted men for foreign service.....	106,189,715.90	62,825,515.90
10 per cent to officers for foreign service.....	37,541,765.96	25,798,664.96
Total.....		749,535,107.81

MILEAGE TO OFFICERS, CONTRACT SURGEONS, ETC.

(See p. 74.)

The CHAIRMAN. Your next item is mileage to officers, contract surgeons, etc., and you have had appropriated \$19,781,109.12. You have actually withdrawn from the Treasury and either disbursed or have in process of disbursement as of the 31st of October \$11,734,388.01, so that you have an unobligated balance of \$8,046,721.11.

Gen. LORD. That is not exactly correct. We have our mileage division checking up outstanding obligations; that is, on orders. I should judge we have at the present time really about \$6,000,000 entirely unobligated, but it is a long, involved process. That is our Treasury balance to-day on mileage. I will make and submit a statement on that after we get the checkage on the total amount of mileage orders which are in the office, of which settlement has not been made.

The CHAIRMAN. You estimate apparently that you are going to need all of that money.

Gen. LORD. I do not know until I get the total. I will give you a statement on that.

Mr. BYRNES. Your original estimate was based on an increased number of officers, was it not?

Gen. LORD. Yes; but we did not put it on that basis. The table that supported that we did not accept. We said it was just a mere guess. There was no estimate of any value in connection with it. I can tell after I get the total of our obligations, which will take some time. We have got to check out all the orders that have come in, and we have from France not the slightest idea as to the mileage involved.

The CHAIRMAN. Do you pay under the transportation item or under the mileage item the travel of officers to their homes when discharged from the service?

Gen. LORD. That comes out of transportation for officers and enlisted men both.

The CHAIRMAN. So that is not involved here at all?

Gen. LORD. Not at all.

The CHAIRMAN. And mileage will relate only to the mileage of officers while in the service?

Gen. LORD. Yes; unless, as sometimes happens, they are ordered to their homes for discharge. I do not apprehend they will do that to any great extent. If they are discharged away from their homes, the officers will get 4 cents a mile, an enlisted man 3½ cents a mile, and that is paid out of Army transportation.

The CHAIRMAN. The determination of the amount of money you will need here will be somewhat dependent upon your determination of the pay of the Army and the rapidity with which your Army is demobilized?

Gen. LORD. Yes; it will, because the more officers that go out the fewer there will be traveling.

The CHAIRMAN. And you will be prepared to submit us a table touching that?

Gen. LORD. I will give you something as showing just what we find our outstanding obligations to be and make due allowance for what we will need for outstanding obligations in France, and then see if we can save anything out of that.

MILEAGE OVERSEAS.

The CHAIRMAN. What do you do in France—pay the actual transportation under mileage, or do you allow a mileage rate?

Gen. LORD. An officer traveling under orders in France gets 7 cents a mile, as he does here. If he is given transportation he gets transportation and 4 cents a mile, as we do here.

The CHAIRMAN. The same rule applies?

Gen. LORD. The same rule applies there as here. We have figured that there can not be such a large obligation over there, because the distances are shorter than in this country, but to what extent officers have been traveling under mileage orders we have been unable to learn.

The CHAIRMAN. Do you know how much of the disbursement of eleven million seven hundred odd thousand dollars has been for overseas mileage?

Gen. LORD. No; we know nothing about it. As I told you, up to and including June 30, 1917, we furnished officers over there only one appropriation and that was "Pay of the Army," and from that they paid every legitimate quartermaster bill; and then the auditor made the adjustment charging the amounts, as the vouchers came in, to the proper appropriation and recouping the "Pay of the Army" appropriation; but we have had no returns to know to what extent the "Pay of the Army" has been recouped. This year we are using "General appropriations of the Quartermaster Corps" for the same purpose, so out of that "mileage" and "Pay of the Army" are being paid, and we have not received the auditor's return.

HORSES FOR CAVALRY, ARTILLERY, ENGINEERS, ETC.

(See p. 76.)

The CHAIRMAN. You have an item of \$65,400,000 which has been appropriated for horses for the Cavalry, Artillery, Engineers, etc., and you have withdrawn from the Treasury out of that \$29,206,597.64, leaving a Treasury balance of \$36,193,402.36, against which there appears to be unpaid obligations as of November 11 of \$4,022,446.28, which would indicate an unobligated balance of \$32,170,956.08. Do you know how many horses you have in the Army?

Gen. LORD. No, sir.

The CHAIRMAN. Do you know approximately how many you have?

Gen. LORD. No; what they gave here at the original hearings was pretty accurate. There has been little addition to the number since that date.

The CHAIRMAN. On what basis did you figure you would need to meet \$4,000,000 of unpaid obligations?

Gen. LORD. Because our books show that the allotments set up to meet contracts and orders for horses amount to that much.

The CHAIRMAN. Was there any reason why you should carry out those contracts?

Gen. LORD. We do not know that they are contracts. What I meant is the books show that is the amount we would be obliged to meet, the actual obligations that we are obliged to furnish the money for; but that would cover all of their expenditures, as there would be no purchases, and therefore we took up as a saving the entire remaining balance.

The CHAIRMAN. I understand that, but I want to know about the \$4,000,000.

Gen. LORD. I do not know about that. I have not had a chance to look into it.

The CHAIRMAN. I wish you would obtain for me a statement of the number of horses we now have and an explanation as to why it is thought there will need to be an additional expenditure of \$4,022,446.28 under this head.

Gen. LORD. We will get that information. We will go to the Remount Division. They must justify that, because it is apparently the total of their outstanding obligation. We will justify that or take it away.

DISPOSITION OF HORSES.

The CHAIRMAN. What is being done in regard to the horses we have now?

Gen. LORD. If they have not already been completed, plans are being made for the sale of the surplus animals. We got a decision the other day approving a circular that is to be issued providing for their sale.

The CHAIRMAN. The moneys received from the sale of these animals is covered into the Treasury as miscellaneous receipts?

Gen. LORD. Those will go to miscellaneous receipts.

The CHAIRMAN. You are sure of that?

Gen. LORD. Under the law, unless there is a specific exception thereof, moneys from the sale of everything of that sort, unserviceable property, go to miscellaneous receipts. In connection with surplus property acquired since the war, under a specific act of Congress, the moneys received from such sales revert to the appropriation from which the supplies were purchased.

The CHAIRMAN. By that latter statement do you mean that the moneys received from the sale of these horses would go back to the fund for the purchase of horses?

Gen. LORD. My understanding is that that law pertains particularly to war supplies and not to animals, draft animals, or supplies that are current purchases in the Army.

The CHAIRMAN. I wish you would ascertain whether it is considered that moneys from the sale of horses will revert to the Treasury as miscellaneous receipts, or whether they would be available for the purchase of other horses, and if the latter, whether the department proposes to keep the moneys for that purpose or whether they propose to let that money lapse into the general fund.

Gen. LORD. If you would like, I will have prepared and submit a statement covering this question, showing what exceptions there are to the common rule that they go to miscellaneous receipts.

NOTE.—Under the act approved July 9, 1918, the proceeds of all Army supplies whatever character, purchased since the declaration of war will revert to the credit of the appropriation from which the supplies were bought. The law follows, also, the War Department bulletin providing for the sale of such surplus supplies:

"SALE OF WAR SUPPLIES.

That the President be, and he hereby is, authorized, through the head of any executive department, to sell, upon such terms as the head of such department shall deem expedient, to any person, partnership, association, corporation, or any other

department of the Government, or to any foreign State or Government engaged in war against any Government with which the United States is at war, any war supplies, material, and equipment, and any by-products thereof, and any building, plant, or factory acquired since April 6, 1917, including the lands upon which the plant or factory may be situated, for the production of such war supplies, materials, and equipment which during the present emergency may have or may hereafter be purchased, acquired, or manufactured by the United States: *Provided further*, That sales of guns and ammunition made under the authority contained in this or any other act shall be limited to sales to other departments of the Government and to foreign States or Governments engaged in war against any Government with which the United States is at war, and to members of the National Rifle Association and of other recognized associations organized in the United States for the encouragement of small-arms target practice: *Provided further*, That a detailed report shall be made to Congress on the first day of each regular session of the sales of any war supplies, matériel, lands, factories, or buildings, and equipment made under the authority contained in this or any other act, except sales made to any foreign State or Government engaged in war against any Government with which the United States is at war, showing the character of the articles sold, to whom sold, the price received therefor, and the purpose for which sold: *Provided*, That any moneys received by the United States as the proceeds of any such sale shall be deposited to the credit of that appropriation out of which was paid the cost to the Government of the property thus sold, and the same shall immediately become available for the purposes named in the original appropriation."

With relation to operations under the foregoing act, War Department Bulletin No. 50, dated August 31, 1918, provides:

"2. (a) Bureaus of the War Department desiring to sell supplies embraced within the provisions of this act, the cost price of which is in excess of \$5,000, shall secure the approval of the director of purchase, storage, and traffic, Purchase, Storage and Traffic Division, General Staff, except in the Philippine and Hawaiian Departments, where the authority of the department commanders is sufficient.

"(b) Upon receipt of such approval from the director of purchase, storage, and traffic, such supplies which are intended for sale to persons, partnerships, associations, and corporations will then be disposed of, unless otherwise directed by the director of purchase, storage, and traffic, for cash at auction or to the highest bidder on sealed proposals, on due public notice, and in such market as the public interests require. The officer making the sale will suspend it when, in his opinion, better prices can be obtained. The auctioneer's certified detailed account of the sale and the vouchers for the expenses attending it will be reported on the proper forms to the chief of the bureau to which the property pertained. Such supplies as are intended for sale to any other department of the Government or to any foreign State or Government engaged in war against any Government with which the United States is at war shall be at not less than the invoice price, including cost of inspection and transportation.

"(c) The proceeds of sales shall be deposited to the credit of that appropriation out of which was paid the cost to the Government of the property thus sold, and the same shall immediately become available for the purposes named in the original appropriation."

Each supply bureau (in which term is included the Office of the Director of Purchase and Storage) shall maintain complete lists and descriptions of all war supplies, material, equipment, by-products, buildings, plants, factories, and lands embraced within the provisions of the foregoing act, which are in its possession and under its control, together with statements as to the location of the same, the uses to which they are being applied from time to time, and the amount paid therefor.

Each supply bureau shall from time to time review these lists and determine what may and should, in its judgment, be sold, and shall report the same to the Director of Purchase, Storage and Traffic in accordance with supply circulars relating to surplus inactive supplies.

Any supplies, material, equipment, by-products thereof, buildings, plant, factory or lands embraced within the provisions of the foregoing act, the cost price of which is less than \$5,000, may be sold, without the approval of the Director of Purchase, Storage and Traffic, in the manner provided in section (b) of the foregoing War Department Bulletin No. 50.

Any supply bureau desiring to sell war supplies, material, equipment, by-products thereof, buildings, plant, factory, or lands embraced within the provisions of the foregoing act the cost price of which exceeds \$5,000 shall proceed in accordance with the foregoing War Department Bulletin No. 50, sections (a) and (b), and in submitting the proposed sale for the approval of the Director of Purchase, Storage, and Traffic.

shall transmit a full description of the properties recommended to be sold, their character, location, and uses and the reasons for the recommended sale.

A full report shall be rendered to the Director of Purchase, Storage and Traffic immediately upon completion of each sale showing the character of the property sold, to whom sold, the price received therefor, and the purpose for which sold.

The proceeds of all sales shall be deposited as specified in the foregoing act.

Property acquired on or prior to April 6, 1917, shall be disposed of as heretofore, the above-quoted act applying only to property acquired during the present emergency.

Each supply bureau shall maintain a division of its office which shall be charged by the chief of the supply bureau with the duty of carrying out the provisions of this order.

The foregoing instructions supersede all previous instructions issued on this subject by any bureau of the War Department.

The CHAIRMAN. What has been the character of the order for the sale of surplus horses? How are they to be sold, and what are to be the conditions?

Gen. LORD. They are to be sold, I know in very general terms, by auctioneers under the direction of quartermasters, and the money is to be accounted for under usual regulations.

The CHAIRMAN. How rapidly is this disposition to take place?

Gen. LORD. I do not know. It is not covered in the order, but the order will be issued at once. They are getting ready as rapidly as possible to dispose of these animals.

The CHAIRMAN. Do you know the number of animals they expect to dispose of?

Gen. LORD. I do not.

The CHAIRMAN. Will you supply that information along with the data with reference to the number they now have?

Gen. LORD. I will. You would like to know the number they are going to sell, which would indicate the number that they propose to hold or retain?

The CHAIRMAN. Yes; and I would like to have whatever information may be available touching the conditions and terms, etc., of sale. You might also put in the record the order that has or will be issued covering this matter. You do know, as a matter of fact, that no animals are being bought?

Gen. LORD. Not, as a rule, unless they are buying some particular kinds of animals. That I do not know. So far as I know, they have stopped entirely all buying of animals.

The CHAIRMAN. But the committee would like to know whether the stopping of buying means a stopping of buying, or whether it means that when some man thinks there is a particular animal he would like to have, they go ahead and buy it.

Gen. LORD. That I do not know, except from the general instructions that have gone out.

The CHAIRMAN. Who does know?

Gen. LORD. I will ascertain and let you know just what the facts are.

NOTE.—The following horses and mules were on hand in the Army on December 1, 1918:

	Horses.	Mules.
In France.....	128,705	65,900
In United States, Hawaii, Philippine Islands, and Panama.....	162,729	115,142
Total.....	291,434	181,042

2. On October 11, 1918, the Secretary of War authorized the Remount Division to purchase 1,500 young horses at \$135 each, amounting to \$202,500. No other animals will be bought during the balance of fiscal year 1919.

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, December 10, 1918.

1. Herewith are two circulars that have been sent to auxiliary remount depot commanders in reference to sale of surplus animals.

2. These circulars do not give the details of the plan, which as adopted is:

(a) To send to each depot and camp an inspector to condemn animals that are actually unserviceable, with a view of selling them quick, under provisions of Army Regulations, to save feeding animals that at best will bring but a nominal price.

(b) To select the poorest of the serviceable animals from which the surplus sales are to be made. These animals will all be sound and serviceable and will be sold (at auction) under authority for disposal of surplus war materials.

(c) The sales will be made at the depots and, as far as practicable, will be so arranged as not to have sales on same day at points within 200 miles of each other, and thus avoid interference with each other, and to have sales at same points at intervals of about 2 weeks.

(d) The sales are to be held under the immediate supervision of the depot commanders.

3. It has developed that the number of animals to be disposed of is not so great as at first expected, the number now being about 49,000, of which probably about 12,000 will be sold as unserviceable.

4. Officers are now out at nine different depots selecting animals to be sold.

L. HARDEMAN,
Colonel, Quartermaster Corps, in Charge of Remount Division.

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, November 30, 1918.

From: Remount Division, O. Q. M. G.

To: Commanding officer of each auxiliary and animal embarkation depot.

Subject: Disposition of unsuitable animals.

1. It is proposed to send inspectors to each auxiliary remount depot to inspect all animals at the depot and in the nearby camps, with the view to the condemnation and sale of such as are found unsuitable.

Animals condemned at the camps will be turned in to the auxiliary remount depot, and should be replaced by serviceable animals if the camp commander so desires.

2. As this inspection is not to be confined to the sick and disabled, but is to include those unsuitable for other reasons, it is expected the result will be a considerable number of animals at each depot that should be sold at as early a date as possible, consistent with the necessary publicity, to insure reasonable competition and prices.

3. Pending the arrival of the inspectors, commanding officers of auxiliary remount depots should be making all arrangements possible, short of actual advertising and hiring of auctioneers, for the conduct of the sale, to include the following, viz:

(a) A suitable place for an auction ring, as accessible as possible to railroad or trolley stations, should be selected, bearing in mind the comfort of the bidders, especially should the day of sale be accompanied by inclement weather. (If practicable, empty completely a hay shed; if conveniently located it would make an ideal auction shed).

(b) Pens, either permanent or temporary, should be convenient for holding animals purchased by bidders, who may want to ship out by rail or who purchase too many animals to personally care for them during the continuation of the sale.

(c) Arrangements should be made with the inland traffic representative to have sufficient number of cars on siding to care for shipping of possible number that may be shipped by rail, and a representative of the railroad should be on the ground to prepare shipping bills.

Details should be made from the enlisted personnel to do the loading under supervision of the purchasers.

(d) Details should be made and men drilled in prompt and orderly handling and showing of animals in the auction ring. Clerks should be fully instructed in their duties to the end that no delay is caused in entering sales, etc., as much depends upon the orderly way and dispatch with which a sale is conducted. There should be at least two clerks in order that they may act as a check upon each other and thus minimize errors.

(e) Animals should be branded on the hoof before the sale and posters with corresponding numbers should be provided to stick on left hip to show the "lot number."

(f) Arrangements should be made for the post exchanges to sell sandwiches and coffee at cost.

(g) In event it is impracticable for railroad shipments to leave the day of the sale the animals to be fed by the Government, free of charge, until next day.

(h) Halter to go with each animal.

(i) If auction ring is at some distance from the railroad or trolley station, make arrangements for trucks or wagons to convey bidders from station to auction ring.

(j) Advertising to include letters to dealers within 100 miles of depots; write-ups in county papers, and letters to county agents. This office to be notified by wire as soon as date of sale is decided upon as to the number of horses and of mules to be sold, in order that the sale may also be given publicity through the publicity officer of the Quartermaster Corps.

(k) If auctioneers are hired, it is suggested that, in seeking the most desirable ones, you need not necessarily limit your choice to local talent.

(l) The percentage paid the auctioneer will, of course, depend upon the number of animals sold and price realized. It is believed, however, that for a sale of 500 or more animals, 1 per cent to 1½ per cent would be ample.

4. In the publicity campaign, it should be made plain just what facilities for handling and shipping will be provided for the purchasers as well as means provided for their comfort.

5. No animal will be sold that can not be certified free of contagious disease. The veterinarian will furnish the usual health certificate for animals shipped by rail.

By authority of the Acting Quartermaster General.

L. HARDEMAN,
Colonel, Quartermaster Corps.

WAR DEPARTMENT,
PURCHASE, STORAGE, AND TRAFFIC DIVISION,
OFFICE OF THE DIRECTOR OF PURCHASE AND STORAGE,
Washington, December 7, 1918.

From: Remount Purchase Division, Office of the Director of Purchase and Storage, Munitions Building, Potomac Park.

To: Commanding officer each auxiliary remount depot and animal embarkation depot.

Subject: Disposition of animals.

1. Immediately upon completion of the inspection of animals at your depot, you will mail in duplicate the inventory and inspection reports to the Remount Division, Munitions Building, Washington, D. C., under special delivery stamp, for approval, but do not delay advertisement of the sale pending return of the report.

2. The animals branded I. C. should be returned to paddocks from which taken and left there until completion of test, and then collected into one or more pens. In this way, if there happens to be a reactor from one pen, it would not necessarily prevent the sale of animals from other pens. Division or camp animals branded I. C. should be tested before sending them to the depot. The Veterinary Corps will direct the division veterinarian to cooperate with the depot veterinarian in conducting this test. Immediately upon completion of the mallein test of the I. C. animals, which should be made with least practicable delay, the sale should be advertised.

3. The question of advertising sales on a basis of \$2 per animal to be sold has been taken up. It will take some little time for this to go through. In the meantime in the advertisement of the condemned sales devote your energies principally to posters, letters to dealers and county agents, and also try to interest the State Council of National Defense in giving publicity to the sale. The expenses of this advertising, of course, will go in as part of the expense of the sale, and should be deducted from sales receipts of the sale. Two copies of each poster, with a statement of how distributed, two copies of letters to county agents and dealers, with names and addresses to whom mailed, two copies of letter to State Council of National Defense, and any other advertising done, should be furnished this office.

4. If you have general authority for advertising in newspapers, you can, of course, advertise in that way also, conforming strictly to the regulations for advertising contained in paragraphs 499 to 509, Army Regulations, 1918. When advertising in newspapers, farm papers, etc., two copies of the advertisement, together with the names of the newspapers in which advertisements are inserted, should be sent to this office.

5. You are authorized to furnish one halter with each animal sold. Halters disposed of in this way will be dropped from the property account on monthly lists of expenditures (Q. M. C., Form 203, or A. G. O., Form 601), with notations of the serial numbers of vouchers reporting the sale of the animals with which the halters were taken, and a reference to this circular letter as authority for dropping the articles.

6. Report all sales on W. D. Form No. 325 (copy herewith), making five copies thereof. These copies to be disposed of as follows:

One copy to be retained in your office.

One copy to be sent to the Accounts Section, Finance and Accounting Division, Director of Finance, Munitions Building, Washington, D. C., with your money accounts.

One copy to be forwarded to the Property Accounts Division, Director of Finance, Washington, D. C., with your property accounts.

Two copies to be mailed to Remount Division, Munitions Building, Washington, D. C.

These reports must show whether the animals sold are cavalry, light artillery, heavy artillery horses or wheel, lead, or pack mules.

7. The foregoing instructions will govern in disposing of surplus animals as well as I. C. animals.

By authority of the Director of Purchase and Storage:

L. HARDEMAN,
Colonel, Quartermaster Corps.

[War Department. Public Form No. 325. Approved by the Comptroller of the Treasury April 29, 1914.]

War Department—.....—Account of sales of public property at public
(Bureau or office.)

auction or on sealed proposals at....., on the....day of....., 191..., under
the direction of....., United States Army.

Purchaser.	Quantity.	Articles.	Amount.
.....
.....
.....
.....	Gross amount.....	\$.....

EXPENSES OF SALE.

Auctioneer's fees.....	.....
Advertising.....	.....
Inspection.....	.....
Drayage.....	.....
Total expenses.....	\$.....
Net proceeds.....	\$.....
Net proceeds to be carried into the Treasury to the credit of.....	.....

I certify that the above account of sales is correct:
(Auctioneer.)

I certify that the above enumerated articles were sold at public auction, or on sealed proposal, as above stated, and to the highest bidder, pursuant to.....
(Authority for sale.)

and that the amount received therefrom will be taken up on my account current for....., 191... The net proceeds of sales have been deposited per certificate of deposit No. dated, 191..., of for.....
(Name of depository.)

\$.....

FRIDAY, DECEMBER 13, 1918.

PAY OF THE ARMY.

(See p. 62.)

The CHAIRMAN. Colonel, the other day we started to take up the item of the pay of the Army, and it was suggested that a rearrangement might be made of your data, so the matter was postponed. The table shows that \$3,199,696,318.44 has been appropriated for pay of the Army, and that as of December 1 there had been obligations incurred or disbursements made of \$1,037,197,405.24, which would leave a balance available as of December 1, 1918, of \$2,162,498,913.20. The statement further shows that it is estimated that for the balance of the fiscal year there will be needed \$1,257,941,001.52, which will leave a balance of appropriation not required of \$904,557,911.68.

Col. WOLFE. Yes, sir.

The CHAIRMAN. Have you made up a table showing the number of officers and enlisted men that will be in the service at various times throughout the fiscal year?

Col. WOLFE. Yes, sir.

The CHAIRMAN. And have established, I assume, a weighted average for the entire period?

Col. WOLFE. Yes, sir.

The CHAIRMAN. What do you estimate the average to be?

Col. WOLFE. Two million two hundred and sixty-four thousand two hundred and eighty-eight.

The CHAIRMAN. In making this calculation, have you figured on the men overseas as well as the men in the United States? The pay is different.

Col. WOLFE. They get an extra 10 per cent in the case of officers and an extra 20 per cent in the case of enlisted men for foreign service.

The CHAIRMAN. And this is predicated upon the present program of a reduction of the Army to 500,000 men by July 1?

Col. WOLFE. Yes, sir.

The CHAIRMAN. You have a right to incur a deficiency in connection with pay of the Army?

Col. WOLFE. Yes, sir; but if there is a deficiency the men would be obliged to go without pay until the money was appropriated.

The CHAIRMAN. Do you think your one billion and a quarter will be ample for pay of the Army?

Col. WOLFE. I think it will, sir; but at the present time we do not know the exact amount which has been paid in France for pay of the Army.

The CHAIRMAN. Are any other funds than pay of the Army available for pay of the Army?

Col. WOLFE. Not finally available, but all payments are being made out of one fund, and they are being distributed on the sheet when they come to this side. It is merely a temporary convenience for the troops in American Expeditionary Forces.

The CHAIRMAN. How will that affect your figuring here?

Col. WOLFE. It will not affect it. We estimate we will need \$1,257,000,000 for the remainder of the year, and we think that will be the proper figure that will be required.

The CHAIRMAN. Will you submit the table you have there as to the average and the way it has been arrived at?

Col. WOLFE. Yes, sir.

July 1, 1918.....	2,300,000....	×12	27,600,000	
July 31, 1918.....	2,324,186....	24,186×11.5.....	278,139	
Aug. 31, 1918.....	2,617,271....	293,085×10.5.....	3,077,392	
Sept. 30, 1918....	3,090,000....	472,729× 9.5.....	4,490,925	
Oct. 31, 1918....	3,345,000....	255,000× 8.5.....	2,167,500	
				37,613,956
Nov. 30, 1918....	3,285,000....	-60,000 × 7.5.....	450,000	
Dec. 31, 1918....	2,910,000....	-375,000× 6.5.....	2,437,500	
Jan. 31, 1919....	2,510,000....	-400,000× 5.5.....	2,200,000	
Feb. 28, 1919....	2,085,000....	-425,000× 4.5.....	1,912,500	
Mar. 31, 1919....	1,635,000....	-450,000× 3.5.....	1,575,000	
Apr. 30, 1919....	1,160,000....	-475,000× 2.5.....	1,187,500	
May 31, 1919....	810,000....	-350,000× 1.5.....	525,000	
June 30, 1919....	500,000....	-310,000× .5.....	155,000	
				10,442,500
				27,171,456

27,171,456÷12=2,264,288 average number of enlisted men.

MILEAGE OF OFFICERS AND CONTRACT SURGEONS, ETC.—ALLOWANCE TO DISCHARGED MEN.

(See p. 65.)

The CHAIRMAN. Colonel, there has been appropriated for mileage to officers and contract surgeons \$19,781,109.12. The table that disbursements have been made and obligations incurred of \$11,734,388.01; that the balance available as of December 1 is \$8,046,721.11, and it is estimated that that entire amount will be needed in the way of mileage to officers and contract surgeons.

Col. WOLFE. Yes, sir; there has been a careful approximation made as to the amount needed and it is felt that all of that will be required. As developed in the hearing yesterday, the question of travel is one that presents a different aspect from almost anything else.

The CHAIRMAN. Is the cost of travel of enlisted men paid out of this item?

Col. WOLFE. No, sir; that is paid out of transportation.

The CHAIRMAN. I understand, but I got the impression yesterday that there was paid out of this the expense of returning enlisted men from the camps to their homes.

Col. WOLFE. When they get that allowance of 3½ cents a mile it comes out of Army transportation.

The CHAIRMAN. When do they get such allowance?

Col. WOLFE. When they are discharged and go to their homes, they are on a travel-allowance basis.

The CHAIRMAN. Then, if I understand you, this item takes care of mileage to officers and contract surgeons?

Col. WOLFE. Yes, sir.

The CHAIRMAN. And it also takes care of the transportation cost of enlisted men from the camps where they are discharged from the service to their homes?

Col. WOLFE. No, sir.

The CHAIRMAN. Does it cover anything else?

Col. WOLFE. No, sir.

The CHAIRMAN. Have you made any calculation as to the probable expense under the various items of mileage to officers and allowance to discharged men?

Col. WOLFE. It has been made on the basis of the average disbursed. We show, according to our records, that from July to November, inclusive, this year, there was a total disbursement of \$4,624,849.49. On that basis it was estimated that we would require for the balance of the year all that remains in the fund, and we must also take into account that the mileage will be needed to adjust mileage payments in France which are now being paid from general appropriations; but of course the data from France is too limited upon which to base very much.

The CHAIRMAN. Have you the right to incur deficiencies in this item?

Col. WOLFE. No, sir.

The CHAIRMAN. It is going to be a matter of considerable concern that enlisted men discharged from the service shall be given proper transportation to their homes.

Col. WOLFE. That was a matter which Gen. Lord took up at the time, Mr. Chairman, and endeavored to have the Railroad Administration extend to these discharged men the same privilege which is now given to men when they go on furlough, namely, to get their transportation at the rate of 1 cent a mile. The Railroad Administration did not see fit to adopt that suggestion of Gen. Lord's, but did rule that such men would be permitted to obtain their transportation at the rate of 2 cents a mile. That leaves them 1½ cents per mile for their other expenses of travel.

The CHAIRMAN. But it was not simply the question of the cost of the transportation, as the fact that the soldiers should be supplied with the necessary funds.

Col. WOLFE. You understand that it is given to them in cash, do you?

The CHAIRMAN. I understand, provided you have the cash to give to them, and I am simply making the inquiry here as to whether you are going to have the funds necessary to send the men home.

Col. WOLFE. We think we will have sufficient funds to pay all the necessary disbursements.

The CHAIRMAN. You are not asking now, then, for any additional money for that purpose?

Col. WOLFE. No, sir.

The CHAIRMAN. There are no other moneys that are available for that purpose?

Col. WOLFE. No, sir.

METHOD OF DISCHARGE OF ENLISTED MEN.

The CHAIRMAN. Do you know whether any definite policy has been determined upon as to the method of discharge of enlisted men?

Col. WOLFE. That is a matter of policy with which the General Staff is concerned.

The CHAIRMAN. I understand, but I did not know whether you had been advised by the General Staff as to just the plan that was going to be carried out.

Col. WOLFE. No, sir. The information which comes to us is that the General Staff at the present time is considering that matter, and the proposed program of demobilization which I used in this estimate for pay was submitted to the Chief of Staff, who authorized Gen. Lord to say that while this was not the official program, still he saw no reason why it should not be used in the calculation.

The CHAIRMAN. I have the impression, and it may have been testified to here, that it is contemplated that when these various units arrive from abroad, they will be sent to camps available that are nearest to their homes, and that an effort will be made to discharge men within 300 or 400 miles of their homes.

Gen. WOOD. That was my testimony yesterday.

The CHAIRMAN. And so far as you know that is the program which is going to be carried out?

Col. WOLFE. I know of nothing to the contrary.

HORSES FOR CAVALRY, ARTILLERY, AND ENGINEERS.

(See p. 66.)

The CHAIRMAN. In the item for horses for Cavalry, Artillery, and Engineers, \$65,400,000 has been appropriated, and there have been disbursements made and obligations incurred to December 1 of \$33,229,043.92, showing an available balance as of December 1 of \$32,170,956.08, and the table presented indicates that none of the moneys not now spent will be needed, and that the latter sum of \$32,170,956.08 can be returned to the Treasury?

Col. WOLFE. Yes.

The CHAIRMAN. Is the statement as to disbursements and obligations incurred to December 1 a statement of actual moneys expended?

Col. WOLFE. Moneys expended and obligations incurred. If you will refer to Schedule B you will see a separation there between disbursements and obligations. That represents the actual figures taken from the books.

The CHAIRMAN. Do you know how much of it has been spent, and what the character of the obligations are that have not been spent?

Col. WOLFE. I want to call attention to the fact, Mr. Sherley, that this refers to the appropriations prior to this fiscal year. It does not refer to the present fiscal year.

The CHAIRMAN. How about the present fiscal year?

Col. WOLFE. That is carried in the general appropriations which you are to take up later. These are all old appropriations, with the exception of pay and mileage.

The CHAIRMAN. I find on examination of the acts that the items about which we have been speaking in connection with horses for the Cavalry, Artillery, Engineers, etc., related to appropriations made for the past fiscal year and did not embrace the appropriations for this purpose for the current fiscal year. The appropriations for this current fiscal year for horses for Cavalry, Artillery, Engineers, etc., have been, along with other appropriations, merged into the general appropriations of the Quartermaster Corps.

Col. WOLFE. Yes, sir.

The CHAIRMAN. In examining the table I find that for purchase of horses there was allotted out of the total appropriation for the Quartermaster Corps \$90,616,331, of which \$36,060,733.23 has been disbursed or obligations incurred. Is that true?

Col. WOLFE. Yes, sir.

The CHAIRMAN. That leaves of December 1, a balance available of \$54,555,597.77, and there is an estimate that the sum of \$202,500 will be necessary for the balance of the fiscal year. Is that correct?

Col. WOLFE. That is correct.

The CHAIRMAN. Before taking up this last appropriation for the current fiscal year, and reverting back to the ones for the previous fiscal years, am I correct in assuming that what you stated as disbursements and obligations to December 1, which amounted to \$33,229,000 was actually cash expenditure?

Col. WOLFE. Yes, sir.

The CHAIRMAN. Have you any liabilities under the previous fiscal year appropriations for horses for cavalry to be met?

Col. WOLFE. None that I know of.

The CHAIRMAN. Your treasury balance, then, is an absolutely free balance?

Col. WOLFE. Yes, sir.

The CHAIRMAN. And for that reason you surrender it.

Col. WOLFE. Yes, sir.

The CHAIRMAN. In the current fiscal year the amount figured is \$36,060,733.23, as either disbursements or obligations. I do not assume that those are all actual disbursements?

Col. WOLFE. No, sir; they are not.

The CHAIRMAN. To what extent are they actual disbursements and to what extent are they estimates?

Col. WOLFE. I can not give you the separation into actual cash disbursements for that. I can divide the expenditures for purchase of horses into the European and the domestic disbursements. The following table will show what has been expended for the purchase of horses in France, \$29,015,252.12; in Great Britain, \$5,314,711.15; in Spain, \$589,159.96; and in the United States, \$472,010, making a total of \$35,391,133.23.

The CHAIRMAN. That would seem to indicate that something less than a \$1,000,000 represents the obligations not yet finally met with final payment?

Col. WOLFE. Yes, sir.

The CHAIRMAN. Then you figure, in addition to what may be existing as obligations, actually incurred obligations, to the extent of \$202,500?

Col. WOLFE. Yes, sir. That reservation is the result of an authorization which came from the Secretary of War to the Remount Division on October 11, 1918, for the purchase of 1,500 young horses at \$135 each. These horses have not yet been purchased, but will be met out of this 1919 appropriation.

The CHAIRMAN. Why should they be purchased?

Col. WOLFE. Those, I understand, are the ones intended for breeding purposes, which the Secretary of War has authorized.

The CHAIRMAN. We have now more horses than we know what to do with?

Col. WOLFE. That question, as to why they want them, I can not answer.

The CHAIRMAN. They have not actually been bought?

Col. WOLFE. No, sir.

The CHAIRMAN. Please place in the record a statement as to the exact uses intended for this \$202,500, and to what extent the Govern-

ment has obligated itself and to what extent the obligations can be relieved.

Col. WOLFE. Yes, sir. [See below.]

The CHAIRMAN. Under the present law the receipts from the sale of these horses would be available for reexpenditure for this purpose?

Col. WOLFE. I so understand.

The CHAIRMAN. In making up this table of moneys, has any consideration been given to the moneys that have been received from the sale of horses or that will be received?

Col. WOLFE. No consideration has been given to any moneys that will be received in the future. The only reservation which has been made is this \$202,500 for the purchase of the 1,500 horses which, I understand, are for breeding purposes. All of the balance of the appropriation is turned back.

The CHAIRMAN. If I understand the situation touching these horses, you are not contemplating, except to a limited extent, the purchase of horses at all; and those you are going to buy, excluding those for breeding purposes, are to be bought abroad for uses abroad?

Col. WOLFE. Yes, sir.

FRIDAY, DECEMBER 13, 1918.

STATEMENT OF COL. L. HARDEMAN.

The CHAIRMAN. A few moments ago it developed in the testimony that \$202,500 was estimated as the additional cash need in relation to the item for the purchase of horses for Cavalry, Engineers, etc.—to procure horses that were intended for breeding purposes. Do you know anything about that?

Col. HARDEMAN. No, sir; I do not think it is intended for breeding purposes, but for the purchase of colts that were sired by what are known as B. A. I. horses. The Bureau of Animal Industry has a number of stallions which serve farmers' mares free of charge, and the Government has an option on that animal up to and including its third year at a certain price.

The CHAIRMAN. And this is to avail the department of the privilege of purchasing?

Col. HARDEMAN. Yes, sir.

The CHAIRMAN. In view of the oversupply of horses at this time, do you think it is very necessary and desirable to exercise these options?

Col. HARDEMAN. I do not think we will need that number; but there is a sort of gentlemen's agreement that they will buy them.

The CHAIRMAN. In point of fact, horses can be commercially sold for that amount of money?

Col. HARDEMAN. They are presenting to us quite a number for sale.

The CHAIRMAN. What is the price you pay?

Col. HARDEMAN. \$135 for 3-year-olds.

The CHAIRMAN. What are horses worth in the market now?

Col. HARDEMAN. For the last horses we bought, aged, such as for Artillery purposes, we paid \$230, and for the Cavalry horses \$165. That is, from 6 to 10 years old.

The CHAIRMAN. What are you getting for the horses which you are selling?

Col. HARDEMAN. We just started selling some the other day, and the prices of the poor Cavalry horses were from \$15 to \$20.

The CHAIRMAN. Those were sound horses?

Col. HARDEMAN. Well, I expect some of them were not. They were sold out on the Pacific coast, where, of course, the market is the poorest place for that class of horse. They were directed to sell the poorest animals. We were just making a preliminary sale of 500 at each of the 3 depots out there. We expect, however, that the Cavalry horse will sell very cheap. In the Southeast there may be a chance to sell a few. It is not the class of horse that is used now.

The CHAIRMAN. In view of the fact that you have so many more horses than you want, and you are going to sell them at these certainly low prices, do you think that we should buy these horses?

Col. HARDEMAN. It is only that the farmer when he bred the mare thought he made a contract.

The CHAIRMAN. It was a contract at the option of the Government?

Col. HARDEMAN. Yes.

The CHAIRMAN. He did not lose anything? He got free service of a high-grade stallion?

Col. HARDEMAN. That is true. Most of the farmers pretend to think that it is an agreement with the Government to take the horse at \$135. We do not do it. We do not take them unless we want them. We have very strict instructions, and I think at Front Royal only four or five were bought in the last month.

The CHAIRMAN. Horses for Cavalry mounts?

Col. HARDEMAN. Yes, sir.

The CHAIRMAN. The very kind of a horse that you are unable to sell?

Col. HARDEMAN. Yes, sir.

SIGNAL SERVICE OF THE ARMY.

STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, AND LIEUT. COL. E. H. MORSE AND MAJ. R. A. KLOCK, OF THE SIGNAL CORPS.

GENERAL STATEMENT.

The CHAIRMAN. Colonel, there have been appropriated for the Signal Service of the Army \$155,946,054.77.

Col. MORSE. Yes, sir.

The CHAIRMAN. And according to the statement submitted there have been disbursements made and obligations incurred as of December 1st of \$116,805,001.30, leaving what is stated as a balance available of \$39,141,053.47.

Col. MORSE. Yes, sir.

The CHAIRMAN. The statement then shows it is estimated there will be an additional cash need of \$4,424,200, leaving a balance of \$34,716,-553.47 as the sum that can be covered back into the Treasury.

Col. MORSE. Immediately; yes, sir.

The CHAIRMAN. Is the \$116,805,000 which is carried under your heading of "Disbursements and obligations," an actual disburse-

ment, or to what extent does it represent obligations that have been incurred?

Col. MORSE. The actual disbursements are \$22,640,790.22, and the obligations are \$89,994,428.88, and obligations covered by inter-bureau requisitions of \$4,169,782.20, making total obligations of \$94,164,211.08. I might say here, Mr. Sherley, that in addition to the appropriations which we received under the act of July 9 of \$105,946,054.77 and the act of November 4 of \$50,000,000, we also were authorized to incur additional obligations of \$45,000,000 in the way of contracts. We have not touched that at all.

The CHAIRMAN. So that in addition to the cash you stated of \$34,716,853.47 that could be covered into the Treasury, there can be a cancellation of the contract authorization of \$45,000,000?

Col. MORSE. Yes, sir.

The CHAIRMAN. If I understand the matter, there is an absolutely free balance of \$34,716,853.47 that can be covered into the Treasury?

Col. MORSE. Yes, sir.

The CHAIRMAN. Then you have just stated that of the total which you gave of \$116,805,001.30 as disbursements and obligations, \$94,164,211.08 represents unpaid obligations?

Col. MORSE. Yes, sir.

The CHAIRMAN. To what extent can they be avoided by cancellation or otherwise?

Col. MORSE. \$47,164,618.70.

The CHAIRMAN. On what basis have you arrived at that determination?

Col. MORSE. By actual figures. We have had our production experts and our experts in the field go over a certain number of contracts and take actual figures, and we have those figures with us and can submit them.

The CHAIRMAN. I do not quite understand what you mean by actual figures. Do you mean you have cancellations that produce that result?

Col. MORSE. No, sir; we have taken it up with various contractors to get the basis on which they are willing to cancel, and the termination and the cancellations are being worked out.

The CHAIRMAN. So that your statement of what you can cancel is predicated upon what is practically an agreed situation between the contractors and the Government, although not executed in the form of actual cancellations?

Col. MORSE. That is correct.

The CHAIRMAN. What was the determining factor as to the extent that cancellations could be made? Presumably, you have on hand material in excess of what you desire or need, and therefore the thing that controlled was the willingness and ability of the contractor to release the Government, that in turn being dependent upon the condition of work, etc., and the usability of the article commercially.

Col. MORSE. We tried to get out of all contracts with the least expense to the Government and to terminate immediately those contracts according to our instructions, and that was the basis we worked under.

The CHAIRMAN. You did have all the material you wanted?

Col. MORSE. I would not say that. There were some things just coming into manufacture, some new developments of various sets

in the art, new improvements just being put through, which were practically completed, 90 per cent completed, we will say, and those we are allowing the people to finish because we could not get cancellations through by the time they would complete those contracts; but on goods which we felt that we had a surplus, or all that would be required by the tentative Army program, we shut off immediately. We are, of course, having to take material partially manufactured and we will have to dispose of that on the best basis we can.

The CHAIRMAN. To what extent do you expect to get any salvage out of the material you will have to take?

Col. MORSE. I have one contract in mind at present on which we expect to get 25 per cent salvage on partially manufactured material. It is material that there is no market for, practically. It is on telephone sets of a particular type, which is peculiarly adapted to Army requirements, but for which there is no commercial need, and the manufacturers will be our only customer for that particular article, and they will have to change it over to a certain extent so as to put it into a commercial article, and we will get about 25 per cent on that.

The CHAIRMAN. That is one particular thing, and without undertaking to enumerate them, you are going to have to accept \$47,000,000 worth of material that has not already been paid for.

Col. MORSE. We are in this position; our contracts were practically closed. If the termination of the war had been in January instead of in November we would have been on new contracts under new allotments, but as it is, we are on an old allotment or old contracts, which are practically closed, so we have not very much of that.

The CHAIRMAN. In other words, a good part of the \$47,000,000 worth of obligations that you will have to pay represents goods that have actually been delivered and presumably used, although not paid for; is that the situation?

Maj. KLOCK. If I may add a statement here, there are two phases, Mr. Sherley, to our recovery; one is a very considerable investment in France of which we know nothing. We understand there is going to be some transfer of property. I can merely state it in general terms. The other phase is in the matter of some of our wire contracts and the surplus wire will be salvaged by the Purchase, Traffic, and Storage Division—our procurement was transferred just recently down there—and there will be a very material return out of that balance you spoke of from that material. I would imagine it might run as high as twelve or fifteen million dollars. Again, of the money included in that obligation there, there is a sum—I would hesitate a little to name it—which covers running expenditures, maintenance, etc., in Europe, the exact status of which we do not know, but it will not be material. In other words, all of that \$47,000,000 is not for material. I would say that five or six million dollars of it is not, so we will have from \$23,000,000 to \$25,000,000 worth of stuff.

The CHAIRMAN. You are figuring \$4,424,200 as additional cash needs for the balance of this fiscal year and that seems to be predicated upon the following details, general equipment, photographic equipment, \$260,000; communications equipment, pigeons, \$110,000; and special telephone and telegraph equipment, \$200,000, or a total of \$310,000. Why should you have an expense of \$110,000 for pigeons?

PIGEONS.

Col. MORSE. We have to maintain the Pigeon Section now actually in the service, and the estimate is given to us by the proper department that that is the amount of money they will require.

The CHAIRMAN. Is that just for the care of the pigeons?

Col. MORSE. It is not simply for the pigeons themselves. There is a certain amount of equipment to go with that.

The CHAIRMAN. It has nothing to do, of course, with the pay of attendants, because they are all enlisted men, presumably.

Maj. KLOCK. That is correct. It is for food and miscellaneous things that are required to keep the pigeons.

The CHAIRMAN. Why should you maintain that division now?

Maj. KLOCK. It is an Army unit until they are out of the service and until they no longer form a part of the field Army we have to maintain that particular activity.

The CHAIRMAN. You are not buying pigeons, of course?

Maj. KLOCK. Absolutely not.

The CHAIRMAN. Are you disposing of the pigeons that you have?

Maj. KLOCK. I can not say as to that. I understand it will be done, but I do not know that there have been any steps taken along that line.

MAINTENANCE OF COMMERCIAL TELEPHONE SERVICE.

The CHAIRMAN. Then there is an item of maintenance which is stated as all applicable to commercial telephone service and leased lines in the United States, \$1,750,000. What are you doing in that connection? Are you doing away with a lot of the line that you had during the war?

Maj. KLOCK. The difficulty about that appropriation is this: The contracts under which all these various big installations were put in and the bills for them have only in part come back. That of course will be reduced when the various concentration points and cantonments are given up. This appropriation is reduced from the estimate we made for that purpose very materially.

The CHAIRMAN. What was that total estimate?

Maj. KLOCK. There were two. We had a deficiency, and our original guess was way low. Of course, that includes all the telephone service of the Army in the United States, and at the present time that cost is not reduced. Those costs vary with the shifting of divisions, and so on, but that figure is fairly accurate.

The CHAIRMAN. You have a similar item for the insular possessions of \$14,200?

Maj. KLOCK. That is for the remainder of the year and they are the exact figures.

PAY, ETC., OF CIVILIAN EMPLOYEES—ORGANIZATION.

The CHAIRMAN. Then, you have an item of pay, subsistence, and traveling expenses of civilian employees, \$250,000.

Maj. KLOCK. Entirely outside of Washington. We have six departments and each department has an organization employed, including a clerical force. It is a small Chief Signal Officer's office,

so to speak, and they handle our field activities, and while that item is reduced by one-half, we are using those men in connection with inventories and settling up all these property accounts; that is to say, getting the data for settling up and disposing of property.

The CHAIRMAN. Are you actually releasing any men?

Maj. KLOCK. Yes, sir; we are, but we have to keep a nucleus to finish the job.

The CHAIRMAN. I quite appreciate that, but you ought not to have the same number of men that you had during the war.

Col. MORSE. We have released between 43 and 45 per cent of our civilian employees and about 25 per cent of the commissioned personnel who were on that kind of work up to date.

EXPERIMENTS AND RESEARCH—TAKING OVER WIRELESS.

The CHAIRMAN. Then you have an item of experiments and research, \$300,000.

Maj. KLOCK. The Signal Corps handles all the radio of the Army, and the advance in the radio art in the last year is very nearly a decade advance in this country, due to the fact that our organization, starting here in Washington, and through an organization out at Little Silver, at the camp there, and extending into the various engineering organizations has practically increased its actual working brains 1,000 per cent, and the clearing up of the work they have done and its translation into specifications, etc., necessitates keeping them together, I believe they estimate, until March 1, through January and February, in order to complete their records and clean up their work. That expenditure includes all those activities and the completion of the development work they were engaged upon.

The CHAIRMAN. There is a bill now pending in Congress to take over all wireless. Are you gentlemen promoters of that legislation?

Maj. KLOCK. Personally, I never heard of it, sir.

MISCELLANEOUS EXPENSES AND SUPPLIES, INCLUDING RENT.

The CHAIRMAN. Next you have an item, miscellaneous expenses and supplies, \$200,000.

Maj. KLOCK. That item as placed there is a little different from the one carried in our estimates before. It is a new arrangement that carries the various departmental expenses apart from salaries, which include rents, etc. One of our chief jobs is the handling of the various telephone installations, both at artillery posts and at cantonments throughout the country, and their miscellaneous expenses are about one-fourth of what they have been running. They are very much reduced.

Col. MORSE. That also includes the telegraph forms.

Maj. KLOCK. Yes; I may say that the telegraph forms and blanks are included there. They are the military telegraph blanks which are supplied to the Army by the Signal Corps. I do not refer to the commercial forms, but the forms used by the Army in the service. The technical material which we supply requires a considerable amount of descriptive pamphlets. We use no bound volumes or anything of that kind, but pamphlets have to go out in order to enable the troops to use this special telegraph, telephone, and radio

material, and that sum covers the completion of that work. This is a small item there, in so far as that particular estimate is concerned.

The CHAIRMAN. Of course, until the camps are ended and scrapped. I presume the major portion of your equipment at these camps will be continued in use?

Maj. KLOCK. Yes, sir; until the demobilization, though some doubtless will be abandoned before that. But we have no information as yet on that subject.

The CHAIRMAN. Are you buying any additional material or equipment of any kind because of any new camps or places being created?

Maj. KLOCK. No, sir.

Col. MORSE. Only overseas requisitions are being filled now.

Maj. KLOCK. They are only special requisitions.

The CHAIRMAN. They are being filled practically out of existing stock, I assume.

Col. MORSE. They change their styles very frequently overseas.

The CHAIRMAN. You do not now recognize those changes so as to go out and purchase something new when you have something that is usable available, do you?

Col. MORSE. We have to fill the requisitions as they come to us.

The CHAIRMAN. You can at least protest the requisitions.

Col. MORSE. We do that.

The CHAIRMAN. Is it a fact that you are required to buy a lot of new stuff because somebody on the other side wants that particular kind of instrument or equipment—

Col. MORSE (interposing). There is very little of that. There is very little overseas requisitioning of any kind coming through. This is mostly maintenance equipment, which includes the photographic sections and other sections of that sort.

PHOTOGRAPHIC WORK ABROAD.

The CHAIRMAN. Are you continuing to do photographic work abroad?

Maj. KLOCK. Not in purchase of equipment, but the completion of the photographic history of the war, I understand, will extend over a considerable period.

The CHAIRMAN. Are you going to have a pictorial history of the war after the war has ended?

Maj. KLOCK. I assume they only have negatives now and are going ahead and completing them. Of course, all of our action in so far as photographic work is concerned originates in the War College. Photographic funds are turned over to the Signal Corps and our personnel does such work as is required by the Staff.

FOREIGN EXPENDITURES.

(See p. 85.)

The CHAIRMAN. You estimate your foreign expenditures at \$1,400,000?

Maj. KLOCK. That sum is in two parts. We have some 650 miles of heavy trunk line and approximately 1,000 miles of branch lines. 50 or more telephone exchanges, and numerous telegraph offices which will have miscellaneous operating expenses. That is an estimate, as near as we can get at it, on what it has cost thus far. There is no construction or anything of that sort in view there.

Col. MORSE. That includes the operation of leased lines on the other side.

Maj. KLOCK. Yes; just as the other item includes leased lines on this side.

The CHAIRMAN. Are you extending your communications as the Army advances into Germany?

Maj. KLOCK. We were very much surprised, and it was a source of considerable satisfaction to find that as soon as they crossed the area of fighting they were able to adapt the German lines with very little additional material as they went forward, and they are being adapted very readily to our work.

The CHAIRMAN. So that, broadly speaking, there will be no construction incident to this further advance of our troops?

Maj. KLOCK. No, sir. It was a matter of concern when that advance started as to the matériel, but we were advised that the German lines could readily be adapted because they were in good shape. They had been standing there so long that they had had four years to develop them and they left them intact. I want to repeat, Mr. Sherley, because it is quite important, that that last item covers the same service overseas that the upper item covers in the United States. We have a great many leased lines there. Of course, I know some are being abandoned, but we can only estimate roughly from the previous expenditures.

TOTAL AMOUNT TO BE RECOVERED.

The CHAIRMAN. Throwing your whole statement into a total, if I understand it, there can be returned to the Treasury in cash \$81,881,472.17.

Col. MORSE. Yes, sir.

The CHAIRMAN. And a repeal of the contract authorization of \$45,000,000, making a total of \$126,881,472.17?

Col. MORSE. Yes, sir.

The CHAIRMAN. You were not figuring in this statement as available any funds that you would receive from salvage of any of your stuff?

Maj. KLOCK. No, sir; until I heard the statement here we were under the impression that it would be formally covered back. That was not allowed for.

The CHAIRMAN. So that can be arranged to be covered into "miscellaneous receipts"?

Maj. KLOCK. Yes, sir. There will be a material saving there. It is very difficult to estimate it at this time.

Gen. LORD. That is, if you so provide.

The CHAIRMAN. Yes; I understand.

You will have expended approximately \$75,000,000 this year, according to these figures?

Maj. KLOCK. Yes, sir.

FOREIGN EXPENDITURES.

(See p. 84.)

The CHAIRMAN. It is pure speculation, but it has its value in connection with financial estimates, how much of the \$75,000,000 do you think will be recovered, \$10,000,000 or \$15,000,000?

Maj. KLOCK. Assuming reimbursements on a business basis in France, it will run much higher than that. We have modern lines there of the very highest character. Whether or not the French will desire to pay what those lines have cost, or what agreement is to be made, I can not say.

The CHAIRMAN. Even if they did not pay what the lines cost to produce the sum they would pay would be a very large proportion of what the material cost, because the labor was largely enlisted personnel?

Col. MORSE. If they pay us anything and do not ask us to remove the lines. If they ask us to remove the lines, which I fear, in order to create their own industries, the material which comes back will only be junk—taking it over, setting it up, tearing it down, and shipping it back, it will not be worth shipping back; it better be sold as junk on the ground in France.

Maj. KLOCK. I think it can be safely said that there will be \$15,000,000 in the salvage.

The CHAIRMAN. There are various other small items that you have received in what might be called permanent establishments, seacoast defense, home and insular possessions, Panama, the Washington-Alaska cable, the commercial telephone service, and Coast Artillery?

TELEPHONE SERVICE, COAST ARTILLERY.

Maj. KLOCK. That item of telephone service, Coast Artillery, will not appear in the next bill. That is the only telephone service which we formerly paid. It came along in this bill and we were charged with it.

The CHAIRMAN. As to all of these items you indicate they will practically use all of the funds available?

Maj. KLOCK. Yes, sir.

REPLACING SIGNAL CORPS SUPPLIES AND EQUIPMENT.

The CHAIRMAN. What is meant by the item "Replacing Signal Corps supplies and equipment"?

Maj. KLOCK. I am not familiar with that item. It is a small item in the current appropriation with which I am not acquainted.

FRIDAY, DECEMBER 13, 1918.

INCIDENTAL EXPENSES.

STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE, AND MAJ. F. D. SHAWN, OF THE QUARTERMASTER CORPS.

FOR SALARIES OF CIVILIAN EMPLOYEES.

The CHAIRMAN. In connection with the incidental expenses from the various appropriations for this fiscal year there has been appropriated—for employees, \$5,694,485, and for salaries, \$20,062,174. According to the statement, the first sum, under the head of "Employees," seems to be all available as of the 1st of December, and

the second sum, under the head of "Salaries," seems to have been overobligated to the extent of \$977,291.48.

Maj. SHAWN. Yes, sir.

The CHAIRMAN. Are those two items practically for the same purpose, so you have thrown them together, or what is it?

Maj. SHAWN. They cover different classes of employees. For instance, laborers, clerks, guides, spies, and the like, the two items taken together.

The CHAIRMAN. How comes it that the allotment as to employees has not been drawn upon at all?

Maj. SHAWN. I do not believe that I can explain that.

Col. WOLFE. That is a matter of bookkeeping, Mr. Chairman. The way to present the matter is this: The sum of the two appropriations is \$25,756,659.02—and there remains a balance after making the disbursement of the two \$4,717,293.52 for the balance of the fiscal year for both.

The CHAIRMAN. What do you estimate is your requirement for the balance of the fiscal year?

Maj. SHAWN. We are spending, as I figure it, at the rate, or were on November 11, the date of the armistice, \$46,334,338 per annum. We figure that we can decrease from now on, including December, about 10 per cent per month, so you can readily see there is no unencumbered balance at the present time.

The CHAIRMAN. That will indicate you will have a deficiency.

Maj. SHAWN. Unless we can make a little better saving than that, and I have no very accurate information from which to determine how these employees will go down. I say 10 per cent per month, but I think we can do better than that.

The CHAIRMAN. Your maximum monthly expenditure was three and three-quarters millions dollars, and for 8 months at that rate would have required about \$27,000,000.

Maj. SHAWN. Average throughout the year.

The CHAIRMAN. No; for the balance of the year if you keep that same rate of three and three-quarters million dollars a month, for eight months that would be twenty-six or twenty-seven million dollars. If you are going to cut only at the rate of 10 per cent a month, at the end of the eight months for June you would have one-fifth of your present pay roll, which would be over \$700,000 a month, and even at that rate, which you would not reach until June, it would take more money than you have available balance here.

Maj. SHAWN. I figure there will be a deficiency unless we do considerably better than 10 per cent reduction per month.

The CHAIRMAN. If you did as well as 80 per cent right at the start, there would be a deficiency according to the statement you have made. You have got available \$4,417,000, and an 80 per cent cut would leave you one-fifth of your pay roll before armistice was signed, and if your pay roll was \$3,750,000 a month, one-fifth of that would be over \$700,000, and \$700,000 a month for eight months would be \$5,600,000, and you have \$4,700,000 to pay it with.

Maj. SHAWN. The figures I have here showing that we are spending at the rate of \$46,000,000 are accurate. They are based on the actual employments taken from the cards containing the names of each person, and this is done very accurately.

The CHAIRMAN. I just submit to you the plain mathematics of the proposition.

Maj. SHAWN. We will probably be able to cut down more than 10 per cent per month, but how much more I could not say unless I knew what they were going to do with the enlisted men. For instance, as you let the enlisted men go the civilian forces build up. All the depots want to have a settled force, and not a force that they will have for 30 days or so of enlisted men who will be discharged.

The CHAIRMAN. You do not mean the depots will have a civilian force after the enlisted men go greater than they have now?

Maj. SHAWN. Not greater, but there will be a necessity of replacing some of the enlisted men who are discharged.

The CHAIRMAN. I should think the actual civilian force ought to be no greater than the present civilian force, and what you lose by virtue of the dropping out of enlisted men is compensated by the cessation of activities.

Maj. SHAWN. That is true to a great extent.

The CHAIRMAN. But if you had cut your force 80 per cent at the signing of the armistice, according to your figures you would have a deficit at the end of the year.

Maj. SHAWN. That is the only way I can figure it. We asked in the first place, as I recall it, for \$76,000,000 beginning July 1, 1918. On November 11, I found we were actually spending \$76,000,000 a year. Congress did not give us that much, but gave for all civilian employees a total of \$39,000,000.

The CHAIRMAN. This shows only \$25,000,000.

Maj. SHAWN. That is the total for incidental expenses.

Gen. LORD. You will find other employees scattered under clothing and equipage, and so on.

The CHAIRMAN. Was your total of \$46,000,000 as being your yearly rate confined to the character of employees paid from these two items we have been dealing with, 32-A and 50?

Maj. SHAWN. Yes, sir; which are the most important items for civilian employees, and the largest. This covers labor, guides, interpreters, clerks, and other miscellaneous employees, and is the big item.

Gen. LORD. We are not asking for any deficiency.

The CHAIRMAN. But you are going to have one.

Maj. SHAWN. We have told all the quartermasters in the field that they shall not make any additional employments and that they shall eliminate employees on a downward curve. We are, of course, not authorizing any additional employments, and they are going down fast.

The CHAIRMAN. Are these the two items that pay for labor at these various depots?

Maj. SHAWN. Yes, sir.

The CHAIRMAN. There will be a reduction of more than 10 per cent a month. For instance, at the Jeffersonville Depot, which is just across the river from me, from what I can understand there will be a reduction of more than three-fourths of the force.

Maj. SHAWN. I would not doubt it at Jeffersonville, because that is a manufacturing depot. Of course, they will cease manufacturing, and their activities with regard to the distribution of supplies and

transportation will cease to a great extent; but, for instance, take the port of embarkation at Hoboken or the port of embarkation at Newport News, and the activities there will increase, and that will offset the Jeffersonville decrease. They will have the same thing to contend with now that they did in transporting the troops over. The purchasing activities will go down to nothing, but the transportation activities of troops and supplies will continue throughout the year.

The CHAIRMAN. But not anything like in the same degree.

Maj. SHAWN. I should think almost the same.

Gen. LORD. The receiving and storing and handling of all of this immense quantity of supplies not to be shipped abroad for some months will continue and make a very heavy demand.

The CHAIRMAN. If the war had continued you would have received them and shipped them and received others, too?

Maj. SHAWN. The civilian forces, of course, will decrease, but the question is how much will they decrease. It is a difficult thing to figure. I could show you just exactly what we have, and we will say that the manufacturing activities and the purchasing activities will cease, but we have got to get this Army back.

Gen. LORD. Mr. Sherley, this apparent deficiency will be absorbed in the balances here unless you want to develop the matter of reductions in force. So far as we are concerned there is no idea of asking for any deficiency.

The CHAIRMAN. I understand you have got in the way of incidental expenses \$100,000,000.

Gen. LORD. We retain \$31,000,000 and turn back \$41,000,000.

The CHAIRMAN. So you can probably take care of these employees, but I am just trying to ascertain what is likely to happen. Do you know how many civilian employees you have had?

Maj. SHAWN. They were counted on the day of the armistice. We had 71,796. They are all the civilian employees we have in the Quartermaster Corps of the Army.

The CHAIRMAN. You figure a 10 per cent reduction a month over a period of eight months, which would leave you about 16,000 employees, or a little less, on the 1st of July. What orders have you issued to the various officers at the different depots throughout the country?

Maj. SHAWN. The first order we issued took away from them their authority to employ persons. The next order which had just gone out directs them to drop all temporary employees. Now if they can do that, that will cut the force down considerably, I should say nearly two-thirds; no doubt they will do what they can.

The CHAIRMAN. How many depots have you?

Maj. SHAWN. I should say about 12 large depots the size of Jeffersonville, or not quite as large, perhaps.

Gen. LORD. Do you include in that total the general supply depot?

Maj. SHAWN. Yes, sir; but I did not include the Army reserve depots or the ports of embarkation or camp quartermasters and sub-depot quartermasters.

Gen. LORD. At 31 cantonments?

Maj. SHAWN. Yes, sir.

DISCHARGE OF ENLISTED MEN.

The CHAIRMAN. What have you done about enlisted men at these depots? Are they being discharged?

Maj. SHAWN. No; they are being utilized.

The CHAIRMAN. I mean are they being let out of the service or are you keeping the same number of enlisted men there?

Maj. SHAWN. I think the policy is to let the enlisted men go as soon as there appears to be no necessity for retaining them.

The CHAIRMAN. Well, that will be determined somewhat on how fast you get rid of the civilian employees.

Maj. SHAWN. They are very closely related.

The CHAIRMAN. In point of fact, have there been any let go from these depots?

Maj. SHAWN. I could not say definitely, Mr. Chairman.

The CHAIRMAN. Do you know about that, Gen. Lord?

Gen. LORD. I do not. The Quartermaster General's policy is to let the enlisted men get out as rapidly as possible. We had 100 in our office and they all went out last Saturday night.

Col. WOLFE. We received instructions, you will recall, General, to have all enlisted men discharged within two weeks.

Maj. SHAWN. That hardly applies to a depot brigade.

Gen. LORD. No; I do not think that direct order went out, but it is the policy of the Quartermaster General to let the enlisted men go back into private life just as soon as possible.

CIVILIAN EMPLOYEES IN WASHINGTON (D. C.) DEPOT.

The CHAIRMAN. How many employees have you here in Washington? These are exclusive of the War Department, of course, in your depot here.

Maj. SHAWN. The Washington depot has a little under 2,000 employees. We have the Walter Reed Hospital, the Army War College, and the Washington Barracks. They have not a very large number at the Washington Barracks; about 50, I should say.

The CHAIRMAN. Are you decreasing those forces any?

Maj. SHAWN. We have indicated they must decrease those forces 75 per cent by July 1 on a graduating scale.

The CHAIRMAN. What steps have you taken to check these matters to ascertain what decrease takes place and what should take place? Manifestly, there are some places where the decrease ought to be greater than others.

Maj. SHAWN. We are now getting up a complete station list showing the numbers and designations of employees, and we will subtract from that as the separations come in, so we can see that they go down gradually alike throughout the field.

The CHAIRMAN. Have you anybody in the field who reports or looks over the matter to see whether some given officer is actually making the curtailments he ought to make? Judging by the departments in Washington, if you leave it to the man who does the employing, he will never separate anybody from the pay roll.

Maj. SHAWN. That would be a matter for the Inspector General's Department to take care of, as far as any excesses go.

The CHAIRMAN. You would hear from that about next summer. I wondered whether your force was undertaking to have somebody go to some of these depots. You have 12 depots and a good live man who knew the job could probably look the field over and report pretty accurately how many men could be spared from each of those places.

Maj. SHAWN. Yes, sir; that has been talked over and we have it in mind to do that. It has not actually been done yet, because the depots are still very active.

The CHAIRMAN. In some respects they are going to be as active as ever. All the manufacturing is stopping, I presume, except as things have been cut up and are required to be completed.

Maj. SHAWN. Yes, sir.

INVENTORYING AT DEPOTS.

The CHAIRMAN. Are you doing any inventorying in these depots, or does that come under you?

Maj. SHAWN. That does not.

Gen. LORD. In what way?

The CHAIRMAN. Inventorying of stock, so you will know what you have on hand.

Gen. LORD. Orders have been issued to make a physical inventory of every piece of property, of whatever kind, to make an absolute record, and I think the inventory has started already.

FRIDAY, DECEMBER 13, 1918.

STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, AND COL. E. P. WOLFE AND CAPT. J. J. VAN PUTTEN, OF THE MEDICAL CORPS.

GENERAL STATEMENT.

The CHAIRMAN. Colonel, the Medical Corps has had, since the beginning of the war, appropriations totaling \$461,188,948?

Col. E. P. WOLFE. Yes.

The CHAIRMAN. The table shows that they have made disbursements or incurred obligations amounting to \$448,727,600.52, leaving a balance available of \$12,461,347.48?

Col. E. P. WOLFE. Yes.

The CHAIRMAN. Of the \$448,727,600.52, which it is stated has either been paid out or obligations incurred, how much of it represents actual disbursements from the Treasury?

Col. E. P. WOLFE. The actual disbursements to and including October 31—by the way you will note that that is two months ago—were \$253,221,455.52.

The CHAIRMAN. So you had unpaid obligations as of the first of November of \$195,506,145?

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. How much of the \$195,000,000 worth of obligations are you going to be able to get rid of?

Col. E. P. WOLFE. That is what we have stated in the \$54,000,000.

The CHAIRMAN. You figure that \$54,145,513.73 of those obligations can be canceled?

Col. E. P. WOLFE. That is as far as we can estimate; yes. We are only beginning to cancel. There are many millions of obligations which the Medical Department itself did not place, and we can not tell you the status of those contracts.

The CHAIRMAN. Are there any character of supplies that you require for the balance of the year that you have not more than a supply of?

Col. E. P. WOLFE. There are some, and it is beginning to run up into money. Our wounded men are coming back from France, and they require artificial legs and many special appliances which we have not contracted for, because they are special for each case; they have either to be bought specially or made specially at the hospital. We do not know what the state of our supplies is in France, and I can not say at this time that we will not require additional medicines to send over there to keep the troops in France supplied.

SHIPMENT OF SUPPLIES OVERSEAS.

The CHAIRMAN. Do they not know over there what they have?

Col. E. P. WOLFE. We have an automatic supply table, and when they do not want supplies they tell us to cancel.

The CHAIRMAN. Are you continuing to ship supplies overseas?

Col. E. P. WOLFE. We will continue to ship supplies overseas until they tell us to stop.

The CHAIRMAN. On what character of requisition, how recent?

Col. E. P. WOLFE. The last requisition, I think, was dated about 10 days ago.

The CHAIRMAN. You are not shipping on the basis of their needs during the war?

Col. E. P. WOLFE. May I explain that?

The CHAIRMAN. Certainly.

Col. E. P. WOLFE. About a year ago there was adopted what we call an automatic supply table. That is, certain quantities of supplies of each individual article that we furnish for every 25,000 men was to be shipped monthly. Now, we arrive at the quantity to be shipped by multiplying those items by the number of times 25,000 troops are overseas. Until the signing of the armistice we were called upon to send a reserve in addition. Those supplies were supposed to be used up in the month, to last that one month. There are 4,000 items on this list, and they are telling us from day to day by cable that they want this, that, or the other item canceled. The last cable we had was 80 times this list for shipment in December. That is their cable; it is not my information.

The CHAIRMAN. Manifestly there are a great many characters of supplies now——

Col. E. P. WOLFE (interposing). Which they have canceled entirely.

The CHAIRMAN. And which you do not need to ship?

Col. E. P. WOLFE. Exactly. You asked me if there were any that we would still continue to ship.

The CHAIRMAN. That you have ceased to ship.

Col. E. P. WOLFE. Yes, sir. For instance, a cable came a few weeks ago canceling the shipment of all initial base-hospital equipment and all that sort of material. When I speak of base-hospital equipment

I mean a base hospital with a thousand beds with everything from medicines down to bedding, surgical instruments, everything that you find in an equipped hospital. That we have stopped. We stopped shipping bedding, beds, and there are other articles, medicines, stationery, etc. Cooking utensils they are still calling for and we are sending. In other words, on this supply table the items are numbered and they cancel by number, and when an article is not canceled we continue to send it until it is canceled.

The CHAIRMAN. Have you any evidence here as to what supplies they have overseas?

Col. E. P. WOLFE. No concrete evidence, no; other than the fact that when they tell us to stop it indicates that they have enough and that they will not need any more.

The CHAIRMAN. Have you any information as to the amount that you have shipped of given articles?

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. You have nothing to check against it?

Col. E. P. WOLFE. We have no expenditure on that side to check against. I can say for your information that on the 28th of November the last report we had, there were one hundred and eighty-two thousand and some hundred patients in France.

The CHAIRMAN. There were tremendous quantities of surgical bandages ordered?

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. Are you shipping any more of them over?

Col. E. P. WOLFE. We are not shipping any now; no, sir.

CLOSING OUT OF CONTRACTS—CANCELLATIONS.

The shipment of all surgical dressings has been discontinued and we are closing out the contracts as fast as we can.

The CHAIRMAN. Are you receiving any additional quantities?

Col. E. P. WOLFE. Upon the same proposition that I am sure you have heard of, of getting out from under the contracts, and we are stopping every contract, bringing it down to the very least we can to get it canceled without penalizing the Government.

Mr. MONDELL. That sort of article is practically valueless after you receive it under present peace conditions?

Col. E. P. WOLFE. There are certain types of dressings which we shall continue to use. We have a large number of types. One of them we call the first-aid pack, and every soldier has one with him, wherever he is, peace or war. They do not always use them for first-aid work. Sometimes it is first aid cleaning a rifle, and they go comparatively rapidly. We keep a reserve of those. The same way with the shell-wound pack. Those are things that we must have in times of peace. We are cutting it off wherever we can, but it takes time to get the machinery in operation to cancel the contracts. Those can not be used for any other purpose, but when it comes down to the finished gauze, the gauze which comes in rolls, it has some use in civil life at the present time. It is used in civilian hospitals all the time.

The CHAIRMAN. Have you any details of these contracts which total \$253,000,000?

Col. E. P. WOLFE. Capt. Van Putten can give them to you; I have not that information myself.

Capt. VAN PUTTEN. I can give you the classification similar to the appropriations. Medicines, something over \$19,000,000; hospital furniture and equipment, which includes disinfectants and large sterilizers, beds, not bedding, \$8,000,000; hospitals supplies, textile, which includes mattresses, blankets, sheets, pillow cases, pillows, and towels, \$69,000,000. One big item is mattresses. We need 500,000. They cost \$12 apiece. You need, say, 2,000,000 blankets, at \$6 apiece. You can see how it runs up into big figures. Surgical instruments, \$6,000,000. Surgical dressings, \$75,000,000. That is the largest one of all.

The CHAIRMAN. To what extent are you able to cancel them now?

Capt. VAN PUTTEN. We believe that of surgical dressings something like \$25,000,000 will be canceled.

The CHAIRMAN. Do you mean that you will have to take \$50,000,000 worth of surgical dressings?

Capt. VAN PUTTEN. We have taken some portion of them and they have been shipped to France. The total, of course, includes all purchases made against this appropriation.

The CHAIRMAN. That does not include what has been paid in cash?

Capt. VAN PUTTEN. Yes, sir.

The CHAIRMAN. What I was asking you about were the existing obligations?

Capt. VAN PUTTEN. Surgical dressings, \$50,762,000 and we expect to cancel half.

The CHAIRMAN. Surgical dressings do not take long to make?

Capt. VAN PUTTEN. When you buy the gauze.

The CHAIRMAN. I understand you are not permitting them to cut that gauze up into surgical dressings?

Capt. VAN PUTTEN. We stopped everybody.

Col. E. P. WOLFE. The term 'surgical dressings' includes everything from the time the gauze starts at the mill until it is finished, in all stages of completion.

The CHAIRMAN. If it has not been cut up, that gauze is a merchantable article?

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. Therefore it would not look like you would have to take anything like 50 per cent of them. Has anybody checked that? Does not the quartermaster have control of that, does he not do the purchasing?

Gen. LORD. The quartermaster is buying the gauze.

Mr. MONDELL. Have you suspended all of the contracts for the making of the gauze, or are the mills still running?

Col. E. P. WOLFE. I think the bureau's requirements were canceled.

The CHAIRMAN. It was testified here the other day by Gen. Wood that there was practically no difficulty in getting rid of all contracts in connection with cotton goods. That is, prior to the goods being so cut as to lose their commercial value.

Mr. MONDELL. I presume the mills would go on manufacturing, assuming that they would be required to do so, until told to stop.

Gen. LORD. I understood Gen. Wood to state that these contracts had been suspended, all cotton goods contracts.

The CHAIRMAN. Are you having them made at all?

Capt. VAN PUTTEN. No, sir. We canceled one contract yesterday for \$143,000 without loss to the Government.

The CHAIRMAN. I think what the committee would like to get, if it could, is a statement of the various items and the quantities you have on hand in America and how far your contract obligations involve the Government in additional quantities, and to what extent those obligations can be relieved. We have details here on which you asked for the money, about miles and miles of surgical bandages, ligatures, tape of certain width, adhesive plaster, and so forth. What are you doing about those things, they all have commercial use, have you absolutely stopped the making of them?

Capt. VAN PUTTEN. Yes, sir.

REPORT FOR APPROPRIATION COMMITTEE, HOUSE OF REPRESENTATIVES, MEDICAL DEPARTMENT, UNITED STATES ARMY, 1919 APPROPRIATION.

To be received after cancellation of all possible.

Surgical dressings:

Gauze, 30,000,000 yards, at \$0.105 yard.....	\$3, 150, 000
Roller bandages, 1,000,000 dozen, at \$1 dozen.....	1, 000, 000
Compressed bandages, 400,000 dozen, at \$0.91½ dozen.....	367, 000
Adhesive plaster, 2,000,000 spools, at \$0.25 spool.....	500, 000
Sutures, catgut, 10,000,000 tubes, at \$0.06½.....	650, 000
Individual dressing packets, 900,000 packets, at \$0.25.....	225, 000
First-aid packets, 1,000,000 packets, at \$0.32.....	320, 000

Total..... 6, 212, 000

Hospital textiles:

Blankets, 900,000, at \$6.50.....	5, 850, 000
Mattresses, 150,000, at \$10.90.....	1, 635, 000
Pillows, 100,000, at \$1.35.....	135, 000
Sheets, 500,000, at \$1.31.....	655, 000

Total..... 8, 275, 000

Mr. MONDELL. That being true, it would seem that a greater reduction in this item than you have suggested would be possible?

Col. E. P. WOLFE. We hope it will be, but when it is a matter of adjustment as to what you are going to be compelled to pay, you can not determine what is going to be the adjustment until you come to deal with each individual contractor.

The CHAIRMAN. That is true, but that is no difficult problem. What the committee is anxious to know and to feel sure is that all steps are being taken to cancel contracts and to prevent what would be the criminal expenditure of labor and money in the procurement of things which can not be used.

Col. E. P. WOLFE. We shall be glad to furnish you the steps which have been taken in concrete form, if you wish. I have not them here to-day.

[Copy.]

DECEMBER 23, 1918.

Director of Purchase and Storage.

Chairman Appropriations Committee, House of Representatives.

Seventeen hundred and nineteen appropriation—steps taken to cancel Medical Department contracts and requisitions on other bureaus.

MEDICAL DEPARTMENT CONTRACTS.

1. November 8 all contracting officers were requested to advise in detail exact status of all contracts, together with information relative to number of employees of

each contractor engaged in Government work, and recommendations in regard to each class of commodities with respect to cancellation, sale, or method of disposing.

2. Upon receipt of letter from the Secretary of War dated November 11, directing that all contractors be notified to stop Sunday, holiday, and overtime work, telegram was sent out immediately, dated November 14. Letter of confirmation was sent on the same day, directing that operations under all contracts on which no work had yet been done be suspended for later adjustment.

3. Under date of November 16, all contractors having unfilled purchase orders or contracts were notified to stop work immediately and to furnish statement of the exact status of their operations. Under date of November 15 the Surgeon General furnished exact instructions relative to cancellation of different classes or articles, based on the knowledge at that time of overseas requirements. Under date of November 20 this was amended, calling for still greater reductions on contracts, based on additional information from overseas. The November 20 instructions from the Surgeon General ordered cancellation of everything possible remaining undelivered on contracts, with a few exceptions. November 21 all contractors were requested to file an inventory with a view to cancellation of undelivered balance and adjustment. Under date November 30 all contractors, with a very few exceptions, were notified that termination of contracts was desired and were requested to stop work.

4. These steps were all taken exactly in accordance with instructions from the office of the Secretary of War. Delays, if any, not ordering termination of contract was due to instructions to clear for cancellation through the War Industries Board, because of the labor situation, all contracts involving over \$25,000. The first request for clearance was dated November 21, and all clearance requests were filed by November 23. As rapidly as they were returned action was taken. December 5 notification was sent out that clearance was no longer necessary.

5. Very few contractors have taken the liberty of proceeding against instructions to stop and already a good percentage of contracts have been finally adjusted.

INTERBUREAU PROCUREMENT REQUISITIONS DRAWN BY THE SURGEON GENERAL ON OTHER DEPARTMENTS OF THE ARMY.

6. At a meeting called immediately after the armistice, November 13, verbal instructions were given by the Medical Department to all bureau chiefs, or their representatives who were present, that cancellation of everything possible due on Medical Department or interbureau requisitions was to be effected. This was confirmed by written instructions covering each interbureau requisition issued by the Medical Department under date of November 21.

The CHAIRMAN. What has been done in connection with bedding and blankets and all that sort of thing; do they not go through the quartermaster?

Capt. VAN PUTTEN. Yes, sir; some of them.

Gen. LORD. We control the appropriation. I think quite a large number of the articles mentioned are now being purchased for the medical service, through the Purchase, Storage, and Traffic Division. The Medical Department has its representatives with that division.

Mr. MONDELL. You have under this appropriation to supply the blankets and all that sort of material. Have you suspended those contracts?

Col. E. P. WOLFE. Immediately after the declaration of the armistice instructions were sent to all contractors to suspend production. There are only two ways of settling those things. One is a mandatory order for them to stop and the other is to negotiate for settlement.

Mr. MONDELL. The mandatory order to stop coming first?

Col. E. P. WOLFE. As it is now, when the Government gives a mandatory order it throws it immediately into the Court of Claims and can not be settled by agreement.

The CHAIRMAN. Who determines that?

Gen. LORD. The Comptroller.

The CHAIRMAN. What?

Gen. LORD. The cancellation of a contract automatically throws it into the Court of Claims. You cancel contracts because of failure of contractors to comply with specifications. We are "terminating" as distinguished from "cancelling."

Mr. MONDELL. We did not expect that you would cancel contracts in a way to obligate the Government and to put the Government in court. You can call upon the contractor to suspend.

Col. E. P. WOLFE. Every contractor we have has been notified to suspend operations.

Mr. MONDELL. That being done, if he still continues that would be a matter to be considered when you came to make settlement.

Capt. VAN PUTTEN. We were requested to cancel through the War Industries Board, and we had to wait for clearance on contracts involving \$25,000 and they kept us waiting for a week. Finally we were told that we did not have to wait any longer for the War Industries Board clearance, and we immediately notified every contractor, designated the contract number and the material involved in the contract, to cease operations, and to turn in an inventory which would be used as the basis of adjusting his contract, and, in fact, our adjustments are coming in rapidly.

PURCHASE OF MEDICAL EQUIPMENT AND BIOLOGICAL PRODUCTIONS.

The CHAIRMAN. Of course, there are certain things that you need to buy. You have mentioned some, in the way of medical equipment for men who have been disabled by the loss of one or more limbs. Is there anything else that you are buying?

Col. E. P. WOLFE. There are always special biological productions to be purchased. That includes the various therapeutic and diagnostic serums. For example, the standard things are the antipneumonia serum, antidyentery, antimeningitis, antistreptococcal serum, smallpox vaccine, so-called bacterial vaccines, such as pneumonia and typhoid, and the various other things, together with the special medicines which I have already mentioned.

The CHAIRMAN. Without enumerating all of them, have you not sufficient supplies to take care of your needs?

Col. E. P. WOLFE. They are for the most part purchased as required. We do not stock up.

Mr. MONDELL. Are they materials that deteriorate rapidly?

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. Then, you ought not to have a reserve either here or in France?

Col. E. P. WOLFE. We do not have a reserve of those things. You take the item of smallpox vaccine alone, of which we, of course, require so much, and it only keeps two months from the time it is put up. The antipneumonia serum under the best conditions will only keep six months. We do not attempt to stock anything along that line.

The CHAIRMAN. You were figuring on a necessary expenditure of practically \$12,500,000?

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. What do you predicate that on?

Col. E. P. WOLFE. Past experience and prospective strength of the Army.

The CHAIRMAN. I have a table here which undertakes to divide this total first by overseas disbursements of \$5,000,000.

Col. E. P. WOLFE. Predicated upon what they have been spending and the reported number of patients they have over there. It covers things which we can not estimate. They are in the same position over there that we are in here. If they can buy any of these special things they need in the treatment of the sick they buy locally. We have reports showing what they have purchased up to and including the 15th of October, and it was predicated on the type of expenditures and the probable requirements for the remainder of the year. In other words, we are chargeable with the care and treatment of soldiers in civilian hospitals. We pay the bills in a number of instances for our soldiers treated in the hospitals of the allies. Those are things which we can not tell you about.

PRINTING AND BINDING.

The CHAIRMAN. You have an item here of printing and binding, \$486,650.

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. That would seem to be a pretty heavy item.

Col. E. P. WOLFE. We have already spent \$715,000.

The CHAIRMAN. You do not expect to spend now at the same rate that you have been spending?

Col. E. P. WOLFE. No, sir; we are not going to spend at the same rate, but what I would like to bring out is the fact that the medical end of it is only reaching its peak. The battle casualties at the last drive brought it up to the peak, and we have to pay for the blank forms which are used in taking a history of the patients, and making the records, which are sent here for permanent file, and also all blank forms used by the Medical Department which are not, strictly speaking, War Department forms or forms furnished by the department.

The CHAIRMAN. But you ought to have gotten a lot of that in anticipation of this need.

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. How much have you spent for printing and binding?

Col. E. P. WOLFE. Up to November 30, \$713,348.57.

The CHAIRMAN. Have you any idea what stock you have on hand?

Col. E. P. WOLFE. I have not an inventory of it now; no, sir.

The CHAIRMAN. That would indicate you expect to spend over \$1,000,000 in printing. That is a pretty heavy printing bill for one corps of the Army.

Col. E. P. WOLFE. It all depends on the records which are required to be made.

The CHAIRMAN. It also depends on the care and judgment that is used in the extent of the record and the different sorts of forms. Of course, the War Department has always had a mania for forms, and we have never discovered an antitoxin for it.

Col. E. P. WOLFE. I have been looking for that antitoxin a long time myself.

CIVILIAN EMPLOYEES.

The CHAIRMAN. Now you have for employees, civilian pay, \$1,000,000.

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. How much are you spending monthly for that?

Col. E. P. WOLFE. I can only say to you that up until the end of November the amount actually paid or the obligations incurred by the regular employment of personnel for the year had amounted to \$7,092,716. These are personnel which are employed in almost every conceivable capacity in taking care of patients in hospitals. It also includes the pay of the depot personnel which were not enlisted. We have certain supply depots, the expenses for which for personnel have been paid out of medical funds.

The CHAIRMAN. On what do you predicate your estimate of \$1,000,000 for the balance of the year?

Col. E. P. WOLFE. The continually increasing demand for civilian personnel and hospitals, and new hospitals are being developed all the time.

BEDS.

The CHAIRMAN. How many beds have you in the United States?

Col. E. P. WOLFE. In round numbers, 100,000. In France—and part of these expenditures are for personnel in France—there are nearly 200,000, because there were 182,000 patients on the 28th of November.

The CHAIRMAN. Are you creating additional hospital beds in the United States?

Col. E. P. WOLFE. Not beyond the projects which are already in process of development, which will take care of these cases. No new projects are being started, but there were some of them which have not yet been completed and which patients are not yet coming into, and for which the civilian personnel has not been provided.

The CHAIRMAN. How many beds will you have when you complete your projects which are now under way?

Col. E. P. WOLFE. I will have to furnish you with that information later, because I do not know as that is handled by the hospital division.

Weekly report on relation of patients to beds, week ending Nov. 28, 1918.

	Bed situation.								Per cent of beds occupied.				Percentage on sections.	
	Occupied.		Vacant.		Normal.		Emergency.		Normal.		Emergency.			
	Base.	Camp.	Base.	Camp.	Base.	Camp.	Base.	Camp.	Base.	Camp.	Base.	Camp.	Normal.	Emergency.
RECAPITULATION.														
Advance Section....	25,195	3,386	17,670	3,019	42,642	6,344	60,390	7,147	59.0	53.3	41.7	47.3	58.3	42.3
Intermediate Section.....	59,890	5,640	13,201	2,311	62,407	7,451	99,279	8,814	95.97	75.6	60.3	64.1	93.8	60.6
District of Paris.....	8,470	1,365	.....	.....	7,950	.....	12,598	.....	106.5	.....	67.2	.....	106.5	67.2
Base Section No. 1.....	18,034	2,234	1,778	1,283	18,220	3,517	23,018	4,214	98.9	63.5	78.3	53.0	139.2	111.1
Base Section No. 2.....	17,475	1,305	2,088	1,683	16,998	2,998	25,800	3,361	102.8	43.5	67.7	38.8	93.8	64.4
Base Section No. 3.....	6,721	510	621	230	7,000	740	7,583	740	96.8	68.9	88.6	68.9	93.4	86.8
Base Section No. 4.....	2	249	478	157	480	406	480	456	4	61.4	45.6	28.3	26.8	26.8
Base Section No. 5.....	3,333	2,690	.....	28	3,144	1,750	3,280	2,750	105.6	153.7	91.1	197.8	123.0	99.8
Base Section No. 6.....	666	194	2,972	106	3,638	300	3,638	400	18.3	64.6	18.3	48.5	21.8	21.2
Base Section No. 7.....	.....	216	.....	247	.....	463	.....	650	.....	46.6	.....	33.2	46.6	33.2
Sub total.....	139,786	16,424	40,173	9,074	162,479	23,969	236,066	28,532	86.0	68.5	59.2	57.5	83.7	59.0
SUMMARY.														
Base hospitals.....	139,786		40,173		162,479		236,066		86.0		59.2			
Camp hospitals.....	16,424		9,074		23,969		28,532		68.5		57.5			
Grand total...	156,210		49,247		186,448		264,598		83.7		59.0			

Total normal beds, including convalescent camps.....	216,262
Total patients, including convalescent camps.....	179,247
Total patients occupying emergency beds.....	19,009
Total patients occupying normal beds.....	160,238
Total vacant normal beds, including convalescent camps.....	56,024

THOS. H. JOHNSON,
Lieutenant Colonel, Marine Corps.

Hospital Division, Surgeon General's Office, Washington, Dec. 14, 1918.

	Stand- ard ca- pacity of hospi- tal.	Bed situation.			Additional capacity by new con- struction or by lease of buildings.
		Occu- pied.	Va- cant.	Total.	
<i>General hospitals.</i>					
Army and Navy General Hospital, Hot Springs, Ark.	266	142	148	290	.....
General hospital, Fort Bayard, N. Mex.	1,046	1,572	0	1,572	.....
General hospital, San Francisco, Cal.	1,368	867	441	1,308	.....
Walter Reed General Hospital, Takoma Park, D. C.	2,093	1,924	270	2,194	360—93%
General hospital 2, Fort McHenry, Md.	1,200	1,288	0	1,288	1,500—73%
General hospital 3, Colonia, N. J. (Rahway)	1,650	1,699	0	1,699	.....
General hospital 4, Fort Porter, N. Y.	322	149	173	322	.....
General hospital 5, Ontario, N. Y.	660	353	541	894	402—93%
General hospital 6, Fort McPherson, Ga.	2,000	1,433	567	2,000	.....
General hospital 7, Roland Park, Md.	102	54	48	102	.....
General hospital 8, Otisville, N. Y.	579	510	69	579	.....
General hospital 9, Lakewood, N. J.	932	703	174	877	.....
General hospital 10, Boston, Mass.	.....	35	100	.....	1,056—50%
General hospital 11, Cape May, N. J.	700	690	10	700	.....
General hospital 12, Biltmore, N. C.	451	223	368	591	.....
General hospital 13, Dansville, N. Y.	288	158	107	265	.....
General hospital 14, Oglethorpe, Ga.	1,300	1,052	708	1,760	.....
General hospital 15, Corpus Christi, Tex.	262	80	164	244	.....
General hospital 16, New Haven, Conn.	500	474	26	500

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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Hospital Division, Surgeon General's Office, Washington, Dec. 14, 1918—Continued.

	Stand- ard ca- pacity of hos- pital.	Bed situation.			Additional capacity by new con- struction or by lease of buildings.
		Occu- pied.	Va- cant.	Total.	
<i>General hospitals—Continued.</i>					
General hospital 17, Markleton, Pa.	130	198	10	208	1 108—80%
General hospital 18, Waynesville, N. C.	200	340	260	600	1 80%
General hospital 19, Oteen, N. C. (Biltmore)	1,000	912	88	1,000	500—43%
General hospital 20, Whipple Barracks, Ariz.	328	334	7	341	
General hospital 21, Denver, Colo.	648	519	129	648	322—80%
General hospital 23, Hot Springs, N. C.	250	10	230	270	650—75%
General hospital 24, Parkview Station, Pittsburgh, Pa.	350	224	126	350	1,000—90%
General hospital 25, Fort Benjamin Harrison, Ind.	500	325	312	637	
General hospital 26, Fort Les Moines, Iowa.	1,266	1,367		1,367	
General hospital 27, Fort Douglas, Utah.	227	82	150	232	1,350—21%
General hospital 28, Fort Sheridan, Ill.	500	315	185	500	4,500—45%
General hospital 29, Fort Snelling, Minn.	788	639	149	788	
General hospital 30, Plattsburg Barracks, N. Y.	900	751	149	900	912—40%
General hospital 31, Carlisle, Pa.	50	34	16	50	500—50%
General hospital 32, Chicago, Ill.					625
General hospital 33, Fort Logan H. Roots, Ark.	500	147	361	508	
General hospital 34, East Norfolk, Mass.	326	224	102	326	
General hospital 35, West Baden, Ind.	650	298	70	410	1 590
General hospital 36, Detroit, Mich.					1,000—80%
General hospital 37, Madison Barracks, N. Y.	273	98	175	273	200—80%
General hospital 38, East View, N. Y.					1,000
General hospital 39, Long Beach, N. Y.					1,000
Total	24,595	20,230	6,363	26,593	16,781
<i>Camp base hospitals.</i>					
Base hospital, Beauregard, La.	1,178	486	954	1,440	
Base hospital, Bowie, Tex.	1,486	287	1,109	1,396	
Base hospital, Cody, N. Mex.	1,342	428	770	1,198	
Base hospital, Custer, Mich.	1,858	570	868	1,438	270—55%
Base hospital, Devens, Mass.	1,810	841	823	1,664	
Base hospital, Dix, N. J.	1,978	950	1,234	2,184	
Base hospital, Dodge, Iowa.	1,954	891	1,041	1,932	
Base hospital, Edgewood Arsenal, Md.	314	169	212	381	
Base hospital, Eustis, Abraham, Va.	1,007	361	261	622	
Base hospital, Fremont, Cal.	1,002	183	1,083	1,266	
Base hospital, Funston, Kans. (See Base hospital, Fort Riley, Kans.)					
Base hospital, Gordon, Ga.	1,822	865	777	1,642	
Base hospital, Grant, Ill.	1,978	665	1,335	2,000	1,000—40%
Base hospital, Greene, N. C.	1,563	474	1,110	1,584	
Base hospital, Hancock, Ga.	1,518	1,820	685	2,505	
Base hospital, Humphreys, A. A., Va.	613	463	144	607	634—60%
Base hospital, Jackson, S. C.	2,016	699	2,608	3,307	
Base hospital, Johnston, Jos. E., Fla.	833	472	481	953	
Base hospital, Kearny, Cal.	957	534	1,035	1,569	
Base hospital, Lee, Va.	1,953	1,285	855	2,140	876—10%
Base hospital, Lewis, Wash.	1,997	1,896	2,304	4,200	
Base hospital, Logan, Tex.	799	615	785	1,400	
Base hospital, MacArthur, Tex.	1,370	466	2,467	2,933	
Base hospital, McClellan, Ala.	1,693	947	497	1,444	
Base hospital, Meade, Md.	1,930	948	982	1,930	238—85%
Base hospital, Pike, Ark.	2,009	1,390	815	2,205	
Base hospital, Sevier, S. C.	1,238	473	949	1,422	
Base hospital, Shelby, Miss.	959	442	844	1,286	
Base hospital, Sheridan, Ala.	1,310	558	832	1,390	
Base hospital, Sherman, Ohio.	1,833	961	728	1,689	1 428
Base hospital, Fort Sill, Okla.	804	457	777	1,234	
Base hospital, Taylor, Ky.	1,833	1,519	927	2,446	
Base hospital, Travis, Tex.	1,997	1,334	596	1,930	
Base hospital, Upton, Long Island, N. Y.	1,739	891	1,115	2,006	
Base hospital, Wadsworth, S. C.	1,634	857	835	1,692	
Base hospital, Wheeler, Ga.	1,248	396	910	1,306	
Total	51,665	26,593	33,748	60,341	3,446
<i>Under surgeon, port of embarkation, Hoboken, N. J.</i>					
General hospital 1, Williams Bridge, N. Y.	1,082	937	389	1,326	
Base hospital, Camp Merritt, N. J.	3,500	580	2,070	2,650	
Base hospital, Camp Mills, Long Island, N. Y.	635	347	603	950	
Auxiliary hospital, Rockefeller Institute, New York, N. Y.	55	46	9	55	

1 Finish in 2 weeks.

2 Alterations completed.

3 No report.

Hospital Division, Surgeon General's Office, Washington, Dec. 14, 1918—Continued.

	Stand- ard ca- pacity of hos- pital.	Bed situation.			Additional capacity by new con- struction or by lease of buildings.
		Occu- pied.	Va- cant.	Total.	
<i>Under surgeon, port of embarkation, Hoboken, N. J.—</i> Continued.					
Evacuation hospital, St. Mary's Hospital, Hoboken, N. J.	782	609	191	800	-----
Evacuation hospital 2, Secaucus, N. J.	385	121	268	419	-----
Evacuation hospital 3, Hoffmans Island, New York Harbor	694	76	618	604	-----
Evacuation hospital 4, Polyclinic Hospital, New York, N. Y.	500				-----
Department hospital 1, Ellis Island, N. Y.	1,025	390	635	1,025	-----
Department hospital 2, Fox Hills, Staten Island, N. Y.	1,808	1,280	528	1,808	-----
Department hospital 3, Greenhut Building, New York, N. Y.	3,130	1,709	1,421	3,130	-----
Department hospital 5, Grand Central Palace, New York, N. Y. ¹					3,408
Total.....	13,096	6,095	6,702	12,857	3,908
<i>Under surgeon, port of embarkation, Newport News, Va.</i>					
Base hospital, Camp Stuart, Va.	1,343	904	1,453	2,357	385—90%
Department hospital 51, Hampton, Va.	1,580	126	905	1,091	-----
Department hospital 52, Richmond, Va.	600	76	524	600	-----
Total.....	3,523	1,106	2,942	4,048	385
<i>Department base hospitals.</i>					
Base hospital, Fort Bliss, Tex.	882	324	320	644	-----
Base hospital, Fort Riley, Kans.	3,068	1,983	1,085	3,068	-----
Base hospital, Fort Sam Houston, Tex.	1,655	889	592	1,481	400—30%
Total.....	5,605	3,196	1,997	5,193	400
RECAPITULATION.					
General hospitals	24,595	20,230	6,363	26,593	16,781
Camp base hospitals	51,665	20,593	33,748	60,341	3,446
Port of embarkation, Hoboken, N. J.	13,096	6,095	6,762	12,857	3,908
Port of embarkation, Newport News, Va.	3,523	1,106	2,942	4,048	385
Department base hospitals	5,605	3,196	1,997	5,193	400
Total.....	98,484	57,220	51,812	109,032	24,920
	25,714				794
Grand total.....	124,198				25,714

¹ Some patients in.

By direction of the Surgeon General.

C. R. DARNALL,
Colonel, Medical Corps, United States Army,
Executive Officer.

The CHAIRMAN. Do you know approximately, Colonel?

Col. E. P. WOLFE. It is somewhere in the neighborhood of 100,000, but I can not tell you, offhand.

The CHAIRMAN. Then I misunderstood you, because I understood you to say you had 100,000 now.

Col. E. P. WOLFE. No, sir; with the completed hospitals which are now in process of completion, or about 85 per cent completed, there will be practically 100,000 beds. That includes the camp hospitals, and all other beds in the United States of every description.

Mr. MONDELL. Camp and cantonment hospitals, as well as general hospitals?

Col. E. P. WOLFE. Yes, sir.

Mr. MONDELL. Do you know what proportion of that number are beds in general hospitals?

Col. E. P. WOLFE. I am sorry I did not bring the chart with me, but that is one item I did not think about.

Mr. MONDELL. Can you put that information in the record?

Col. E. P. WOLFE. I can furnish you a copy of the record with the report of the Hospital Division, which shows the total number of beds provided, those filled, and those empty. I am sorry I have not it with me.

Mr. MONDELL. Have you made any study, or has any one in the department so far as you know, made any study of the question as to what extent you will require the use of those hospitals for the men in the service, and before they are discharged; in other words, as to what extent, if any, they might be utilized for men after they are discharged?

Col. E. P. WOLFE. I do not quite get your question, sir.

Mr. MONDELL. You have inaugurated a policy of providing beds enough for all your anticipated needs in view of the war situation?

Col. E. P. WOLFE. Yes, sir; but not all of them.

Mr. MONDELL. With battles on the western front. We have now arrived at a condition of peace, and there will be no further casualties. Query, have you provided more beds than you will require for the men in the service?

HOSPITAL FACILITIES FOR MEN DISCHARGED FROM SERVICE.

There will be a very considerable demand for hospital facilities and accommodations for men after discharge, and one of the very important questions before Congress is how we are going to provide for them, and it has been suggested that some of them might be provided for in the general hospitals at the camps or cantonments which you have built and are building. Now, my question was, have you gone into that subject sufficiently to determine to what extent you will need your hospital facilities for the men in the service?

Col. E. P. WOLFE. Again, I will have to answer your question by saying that that has not been one of my functions, and that belongs to what is known as the Hospital Division, and I am in the Supply Division. My function is to furnish the supplies and the other divisions decide the number of hospitals and indicate the amount of supplies required, and I get them. If you care to go into that I will be glad to call down a member of that particular division. As I understand it—and this is only my understanding and not official—the men remain in the hospital until they are so far cured that no further benefit can be expected from their retention in the military hospitals. Then they are finally discharged from the service, and what will be done with them after they are discharged, when they become the charge of the War Risk Insurance Bureau, I do not know, sir.

Mr. MONDELL. It has been stated that a very great many men have been discharged from the service suffering from tuberculosis in a greater or less degree. Undoubtedly, a great many men will be so discharged, possibly suffering from other diseases which you could not expect to cure in your military hospitals but which would require

treatment, either immediately or at a later period in some such hospitals as might be provided.

Col. E. P. WOLFE. I think I can tell you, also unofficially—and please bear in mind that this is only hearsay evidence, because I am not in the department that is handling that end of it—that as fast as these hospitals that we have now under operation for purely military purposes ceases, there will be a number of them available and they can be turned over to whatever organization is to take up the treatment of the discharged men.

Mr. MONDELL. That is one of the matters on which we will need pretty specific information as soon as it is available.

Col. E. P. WOLFE. I assume that will come up when you discuss the question of construction and repair of hospitals. I have only to do with what goes into the hospitals. I am called on to provide supplies for the number of beds which it is estimated will be used.

CIVILIAN MEDICAL SERVICES—STUDENT ARMY TRAINING CORPS.

The CHAIRMAN. You have an item of civilian medical services, \$1,204,722?

Col. E. P. WOLFE. Yes, sir.

The CHAIRMAN. That is predicated upon the number of hospitals here and abroad.

Col. E. P. WOLFE. That is not predicated on the hospitals. That is predicated on the condition where men are located so that they can not obtain treatment in the military hospitals. In explanation of that, one of our largest items for expenditure under that heading was for the care of the personnel of the Student Army Training Corps at the various colleges all over the country, some 700 of them. We could not establish a hospital at each place, and arrangements were made to have them taken care of by the local civil authorities.

The CHAIRMAN. Those schools have all been closed, have they not?

Col. E. P. WOLFE. They are to be closed on the 21st day of the month, as I understand it. The vouchers for payments under that heading for the fiscal year had only been paid on November 30 up to about the end of September, and that, if you will remember, was about the beginning of the influenza epidemic. I have passed for approval a bill from one place of \$36,000 for care of influenza patients, and that place was Pittsburgh. That is the largest one we have had, but it is a sample of what is going to come in, and the October bills have not been paid yet.

Mr. MONDELL. Do you know how many students there were at that point?

Col. E. P. WOLFE. No, sir; but there were something like 5,000 in that group. Small groups of military personnel scattered around over the country must be taken care of in this way. That also includes payments for dental treatment as well as for care of the sick in the hospital where we can not send a dentist to take care of them, and where they must call on a local dentist to do the work. That sum is comparatively small, it is true, when we regard the other items, but it still swells the expenditures, and in the absence of any definite knowledge of the expenditures which have been incurred in October and November, I do not feel that we would be justified in reducing our estimate of that sum.

HOSPITAL LAUNDRIES.

The CHAIRMAN. Then you have an item of hospital laundry, \$1,825,000.

Col. E. P. WOLFE. I have not the definite figures from each individual base hospital, but they are running about \$3,600 a month at each base and general hospital, and there are, roughly speaking, 105 such hospitals. Some of them run less and some of them run more. Some of them are smaller than 1,000 beds and some of them are 3,000 beds and some of them 4,000 beds, and the Medical Department pays for the laundering of every piece of linen that is used in the treatment of the sick while in the hospitals, including the clothing of the man when he comes in, if it needs laundering. The prices have doubled and in some places quadrupled for laundry work over what they were 18 months ago, and while our army may be mustered out, patients from the other side are coming in all the time to keep the beds more or less full.

The CHAIRMAN. That is true, Colonel, but it also ought to relieve the expense abroad.

Col. E. P. WOLFE. Yes; I admit that, but I regret very much to say that our knowledge of the expenditures abroad is very incomplete.

REDUCTIONS IN APPROPRIATIONS.

The CHAIRMAN. How much had you estimated for all these purposes for these months if the war had continued; or, to put it in another way, Colonel, what I am struck with is this: Apparently the only reductions you make in the sums that you received for the fiscal year and which, presumably, were sufficient to carry you, are those that are going to result from the cancelization of supplies; in other words, apparently the Medical Department is going to have as great an expense in all other particulars running throughout the year as it would have had if you had had over 3,500,000 men in the service instead of having an Army which is going to constantly grow less until it reaches 500,000 in July.

Col. E. P. WOLFE. Yes. We do not expect the hospital patients to decrease as rapidly as the Army decreases and not in the same proportion.

The CHAIRMAN. That, of course, is apparently true. The men who are discharged last will be the men who are sick or wounded, and therefore your burden will not lighten in proportion to the decrease of the Army, but it will lighten to a certain extent.

Col. E. P. WOLFE. Yes, sir; it will to a certain extent, but not as markedly as the other features do.

The CHAIRMAN. But you do not seem to make any allowance for any lessening of the load. Is the explanation found in the fact that you had a very much heavier burden by virtue of the influenza epidemic than you had figured on?

Col. E. P. WOLFE. Well, from about the 20th of September until about the 15th of November I should say that the increase was pretty nearly 400 per cent over what we would normally have expected. For instance, in hospitals that were running before at from 1,000 to 1,500, they were having from 6,000 to 7,000 patients under treatment. If we were sure there were no more epidemics coming

on between now and the time these men are mustered out, we would probably predicate our expenses on a slightly smaller scale; but on December 6, as I see it here, there were approximately 3,500,000 men in the service, and the mustering out to bring it down to 500,000 will take quite a while.

► The CHAIRMAN. You had \$65,000,000 of contract authorizations that you do not expect to use or to obligate.

FRIDAY, DECEMBER 13, 1918.

DIVISION OF MILITARY AERONAUTICS.

STATEMENTS OF MAJ. GEN. W. L. KENLY AND LIEUT. COL. H. BENINGTON; BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE OF THE QUARTERMASTER CORPS.

REVISED STATEMENT.

(See p. 107.)

The CHAIRMAN. General, the Division of Military Aeronautics has had a total of \$192,304,758 in the way of appropriations. They seem to have either paid or incurred obligations to the extent of \$89,000,000, and they have a balance available as of December 1 of \$103,304,758. How much of the \$89,000,000 which is under the head of disbursements made or obligations incurred represents actual disbursements? I see from the table, \$53,254,806.40, and that your unpaid obligations amount to \$35,745,193.60. Of those unpaid obligations what amount can be canceled or adjusted so as to relieve the Treasury?

Gen. KENLY. My figures are not exactly like those in certain respects. We have spent \$56,000,000 and we are under obligations for \$43,000,000, but that includes \$25,000,000 which we think should be added to the overseas for safety. They have \$70,000,000 set aside for them. They just want \$45,000,000, and we think it is wise to be on the safe side to ask \$25,000,000, which makes the original \$70,000,000 set aside. Of the \$184,000,000 which is minus \$8,000,000 set aside for the coastal service, that makes the \$192,000,000 referred to. Of that there is \$99,000,000 that is either spent or obligated, in which, however, is included the \$25,000,000, leaving \$84,000,000.

We estimate that we will need about \$24,000,000 to run the bureau to the 1st of next July, leaving a saving of about \$61,000,000 which we can go into detail about. That is based on a good many assumptions. We have now and since the armistice a force of about 19,000 officers and 143,000 men. Our estimates were based on the assumption that we will average between now and the next fiscal year about 40,000 men and 6,000 officers, going below that figure probably, but certainly, of course, not very much above it. This is a pure assumption, the air force being a thing to be determined by Congress itself. We feel that we are on the safe side in putting \$25,000,000 overseas, because it is very difficult to tell what the outcome will be or how long they will be over there or under what expense they will be. We felt that as long as the money was already appropriated, it is in your discretion to determine whether that \$25,000,000 should be given or saved. Of course, if it is deducted now we may have to ask you for it again.

The CHAIRMAN. Of course, we hope, General, that deductions made now will be taken as an indication by the various corps that the balance left should take care of their service.

Gen. KENLY. Yes, sir.

The CHAIRMAN. In point of fact, we are making deductions not on the assumption that we are getting back anything like what ought not to be spent, but that we are simply taking back what is patently plain should not be spent.

Gen. KENLY. Yes, sir.

The CHAIRMAN. And therefore that the corps should adjust themselves to the moneys that are left to run them.

OVERSEAS SERVICE.

Gen. KENLY. Yes, sir. For instance, the estimate they made overseas was that they needed \$45,000,000 to the end of the fiscal year, \$70,000,000 had been set aside arbitrarily to do that.

The CHAIRMAN. They are estimating that they need \$45,000,000 for the entire year.

Gen. KENLY. Yes, sir.

The CHAIRMAN. You have allotted to them \$70,000,000?

Gen. KENLY. We allotted \$70,000,000 before the armistice came.

The CHAIRMAN. Are you proposing that the \$70,000,000 should still remain?

Gen. KENLY. We think it would be wise to be on the safe side.

The CHAIRMAN. In view of the fact that over there they say they do not need it, what makes you think they will?

Gen. KENLY. I think their estimate is based on the same uncertainty that we have, and I should like very much to be in a position not to ask you again for money already set aside.

The CHAIRMAN. The trouble with that, General, unfortunately, is whenever there is a disposition to spend what is available, and those gentlemen understand that Congress has permitted them to have remaining over there \$70,000,000, why, their expenses are likely to be increased as a result of our liberality.

Gen. KENLY. I should hate to think the Army is run that way.

REVISED STATEMENT.

(See p. 106.)

The CHAIRMAN. If I understand your revised statement now, it shows that you have actually paid out \$53,254,806.40.

Col. BENINGTON. With this explanation, in that is considered the \$45,000,000 for overseas which has already been allotted to Dunwoody over there, and the balance, between \$45,000,000 and \$70,000,000, or \$25,000,000, is included in obligations.

The CHAIRMAN. Then you have obligations of \$46,050,000, \$25,000,000 of which is also expected to be overseas obligations?

Col. BENINGTON. Yes, sir; that is the figure the general has been speaking about.

The CHAIRMAN. And the total making the \$46,000,000 represents obligations that you think will have to be met in their entirety. You have already excluded from your figure of obligations those that you feel able to cancel?

Col. BENINGTON. Yes, sir; and the \$46,000,000 will all eventuate with the exception of the \$25,000,000 spoken about as a sort of safety figure.

The CHAIRMAN. Dismissing for the moment that extra \$25,000,000 for overseas, that would leave an unobligated balance of \$84,999,951.60?

Gen. KENLY. Yes, sir.

AIR SERVICE IN AMERICA.

The CHAIRMAN. And you estimate to carry you through the fiscal year here in America you will need \$23,851,026.42?

Gen. KENLY. Yes, sir.

The CHAIRMAN. On what basis do you arrive at that figure?

Gen. KENLY. These are mostly estimates, as you understand, sir: First, cost of training cadets, \$496,000; extra pay for cadets, \$384,000; maintenance of photographic section, \$448,000; maintenance of squadrons and balloon companies, \$5,729,000; acquisition of land, \$4,427,832.82; maintenance of fields and depots, \$2,486,000; mileage for officers, \$205,000; salaries and wages of civilian employees, \$3,000,000; experimental investigations, \$1,333,000; completion of construction work of the permanent fields, \$4,000,000; incidental expenses, \$1,332,193.60.

TRAINING CADETS.

The CHAIRMAN. Now, General, taking up these items somewhat in detail, the first one is the cost of training cadets of \$496,000. Are you going ahead training cadets now?

Gen. KENLY. Well, we estimated on this basis, as I told you, that between now and the first of the year we will have a force of approximately 40,000 men and 6,000 officers. That includes a training system to keep this Department of Military Aeronautics going on a peace basis. That is a pure estimate; but if we stop training completely, we might as well quit.

The CHAIRMAN. Have you not got now trained flying officers in excess of what you are going to want on a peace basis?

Gen. KENLY. Yes, sir; we certainly have. Very many of them are asking to get out right now and many cadets are getting out, and we almost have to start over again. About one-third, or perhaps less, of our officers and cadets are now apparently willing to remain, but many of those, I think, are getting dissatisfied and will get out.

The CHAIRMAN. What force would that give you?

Gen. KENLY. In estimating an average force between now and the 1st of July of the number I just mentioned, about 40,000 men and about 6,000 officers, and that involves a whole lot of theory, and we figured that out by taking our estimates for 1920 and assigning two-thirds of that for the balance of the fiscal year, on the theory that we shall want to finish up training our existing cadets so as not to waste the training they have already had, if they are willing to go through with the course, and gradually reducing it down to our peace-time organization, 1920 being based on the peace-time organization.

The CHAIRMAN. How many officers do you figure on having in your peace-time force?

Gen. KENLY. We are only figuring on an average between now and the end of the year, because the General Staff project which we are working on may not be approved by Congress.

The CHAIRMAN. I understand, but what is that project for the peace strength of your corps?

Gen. KENLY. The General Staff project, as far I know—we have not been given this definitely—is a force of about 22,000 men and 2,000 officers.

The CHAIRMAN. How many officers have you now in the service?

Gen. KENLY. About 19,000.

The CHAIRMAN. Manifestly you will have at least 2,000 of those who would be willing to remain in the service.

Gen. KENLY. There is no question about the officer part of it, sir.

The CHAIRMAN. That is what these cadets are trained for—to make officers?

Gen. KENLY. There are a number of men now who are partially through their training. They have come into the service with the belief that when they finished their training, which takes about eight months, they would become second lieutenants. Many of them are fairly well along, and I think naturally would like to complete even if they go on the reserve list.

The CHAIRMAN. How many cadets have you now in training?

Gen. KENLY. I could not answer that offhand.

The CHAIRMAN. Have you any idea what it would cost to finish the training of those cadets now and not take on any more?

Col. BENINGTON. Do you mean to finish the actual ones on hand irrespective of whether they elect to stay or not?

The CHAIRMAN. You submit an estimate of \$496,000, now that is to train how many cadets?

Col. BENINGTON. The cost of training one cadet is \$550.

The CHAIRMAN. So that would indicate a little less than 1,000 cadets?

Col. BENINGTON. Yes, sir.

The CHAIRMAN. Have you that number in training now?

Gen. KENLY. I feel quite sure we have more than that now.

Col. BENINGTON. There will be a good many fade away.

The CHAIRMAN. Perhaps it may clarify the matter if I ask the question in another way. Does this estimate of the cost of training cadets represent three-fourths of your next year's estimates?

Col. BENINGTON. We estimated that next year we would probably train 1,512 cadets on the theory that we are going to change the system of training, and it will probably be a 12 months' course instead of a 5 months' course, and so on, and I am figuring that for the balance of the fiscal year we shall train two-thirds of the 1,500, or, in other words, as you say, a little over 1,000. As Gen. Kenly says, we have a great many more than that in training now and opportunities have been given to ground officers to take training in flying before they quit the service.

The CHAIRMAN. And this estimate is an estimate dependent upon the policy that Congress may adopt, and what you are recommending is practically the continuation of the training of 1,000 men?

Gen. KENLY. Yes, sir.

EXTRA PAY FOR CADETS.

The CHAIRMAN. Now, you have here an item for extra pay for cadets. That has never been allowed.

Col. BENINGTON. No, sir; as I understand it, that has not been allowed. We do not have it, but we hope to get it.

The CHAIRMAN. Does this look to the pay of cadets for the balance of the fiscal year or is it predicated upon any retroactive effect of the act?

Col. BENINGTON. That is only for the balance of the fiscal year.

The CHAIRMAN. From December?

Col. BENINGTON. Of the several thousand we are training we should give each one \$378.

Mr. EAGAN. For the balance of the fiscal year or for the full year?

Col. BENINGTON. That is the extra pay for nine months. I should perhaps put it in this way: During this whole course of training, which lasts nine months, a cadet would get \$378 extra pay.

MAINTAINANCE OF PHOTOGRAPHIC SECTION.

The CHAIRMAN. Then you have an item of \$448,000 for maintenance of photographic section. What is the explanation of that?

Col. BENINGTON. That is assuming we will have 20 sections for eight months.

The CHAIRMAN. Why should you maintain here 20 photographic sections?

Col. BENINGTON. Of course, we have got to assume something, and I took that as the tentative peace program which contemplated so many sections, and have simply applied it to the succeeding eight months.

The CHAIRMAN. But, Colonel, you have overseas now a force very much larger than that. That force is going to be coming back, and you will be working toward a peace basis the 1st of July, and it seems to me that except as you might want to train people so as to have a continuing flow of trained personnel, you will want to practically disband all of your home organizations.

Col. BENINGTON. This, of course, is only for the necessary supplies and replacements. It does not involve new equipment. It is keeping up to a full state of efficiency 20 sections in all. I grant you, there is some room for duplication there. If they retain a large number overseas, we should not want to keep in training similar organizations over here.

The CHAIRMAN. If they do not maintain them, then they will not need all of that \$45,000,000, and manifestly they will not need all of the \$25,000,000 extra.

Col. BENINGTON. We do not know how they figure their requirements overseas. You see they simply send us that lump figure. They say then that they think they will get by on \$45,000,000. Now, whether they are figuring on shooting all those men back and throwing their maintenance onto us, or whether they are figuring that with that \$45,000,000 they will maintain them, I can not say. Therefore we are trying to play safe and reserve enough money to take care of them if they have to be maintained here.

MAINTENANCE OF SQUADRON AND BALLOON COMPANIES.

The CHAIRMAN. Then you have a very large item of \$5,729,000 for maintenance of squadrons and balloon companies. What is that predicated on?

Col. BENINGTON. That is predicated upon the maintenance of 131 squadrons for eight months, assuming that the annual cost of maintenance is 100 per cent replacement of all the equipment. I am now speaking of service squadrons.

The CHAIRMAN. That is here in America?

Col. BENINGTON. Yes, sir.

The CHAIRMAN. Why should you want to maintain anything like that force here in America?

Col. BENINGTON. We shall not, if they retain a large force overseas. That is true.

The CHAIRMAN. How many squadrons have you at present?

Col. BENINGTON. I could not tell you that offhand from the figures I have here.

The CHAIRMAN. Do you know how many are overseas?

Col. BENINGTON. Not from memory; no, sir.

Gen. KENLY. We were working on a 202 squadron program for overseas and an equivalent number here, about 400 squadrons altogether.

The CHAIRMAN. To what extent have you reached that program?

Gen. KENLY. We hoped to reach that about June of next year, and I think now we have about 300 squadrons, roughly.

The CHAIRMAN. General, how many are overseas?

Gen. KENLY. If you will allow me, I would like to send you those figures.

NOTE.—The number of officers and enlisted men in this country and overseas (not including those attached to the Bureau of Aircraft Production) belonging to the Air Service as at November 30, 1918, as under:

	United States.	Overseas.	Total.
Flying officers.....	7,136	4,778	11,914
Non-flying officers.....	3,732	3,421	7,153
Pilots (flying).....	5,164	11	5,175
Enlisted men.....	68,203	69,618	137,821

ACQUISITION OF LAND.

The CHAIRMAN. General, the next item is for the acquisition of land, \$4,437,852.82. We would like to have something in detail about that.

Gen. KENLY. The Government has already spent over \$46,000,000 in buildings on these lands. It originally had, I think, a three-year option to purchase on each one of these tracts. If the Government does not own the whole thing, the \$46,000,000 is gone, as I consider it. You can not salvage anything off of land you do not own. That is perfectly patent. I have seen quartermaster sales myself since I have been in the Army where at public auction they have sold

wagons for 50 cents. Why? Because nobody had to buy them, and you had to take what you could get for them. I do not believe there is a single instance in which the land is not worth more than you can buy it for. I have represented to Gen. March this same matter once or twice before, that I consider this a good business proposition. I would not by any means say it would be advisable to retain all these things after you buy them, but you are then in a position to dispose of everything so the Government will at least not lose the whole \$46,000,000.

The CHAIRMAN. General, could you supply the committee with a statement of the number of areas that are now built upon in the way of aviation buildings?

Col. BENINGTON. I have a schedule of that right here, sir.

The CHAIRMAN. And the investment that has been made at each one of these fields, the acreage of land involved, the price at which you have an option to purchase it, and the terms of settlement, in the event purchase is not made?

Col. BENINGTON. Yes, sir.

Mr. MONDELL. Are these buildings temporary in character?

Col. BENINGTON. We have two concrete storehouses. The others are what you might call temporary buildings which will last for seven or eight years.

The CHAIRMAN. Have you painted the buildings?

Col. BENINGTON. Some are painted with water paint and some subsequently with oil.

Gen. KENLY. Some of them were painted with water paint which has dropped off. The great majority of them need to be painted, but they are in very good condition. We tried to get authority to paint, but it was disapproved, because it would cost too much money.

The CHAIRMAN. The item of \$4,437,832.82 represents the agreed cost of these fields?

Col. BENINGTON. The agreed purchase price.

The CHAIRMAN. In each instance you have an option?

Col. BENINGTON. Yes, sir.

The CHAIRMAN. With a fixed price?

Col. BENINGTON. Yes, sir.

The CHAIRMAN. How many depots have you? This relates to both fields and depots.

Col. BENINGTON. We have eight supply and repair depots.

The CHAIRMAN. And how many fields?

Col. BENINGTON. Fifty projects altogether. That leaves 42 projects other than depots. Some of those are schools. I should have to pick out the miscellaneous things like aero postal stations.

Gen. KENLY. There are something like 32, as I remember.

The CHAIRMAN. Does your estimate cover all of your projects?

Gen. KENLY. Yes, sir.

Mr. MONDELL. All you have options on?

Gen. KENLY. Yes, sir.

Mr. MONDELL. You anticipate the purchase of all of the fields that you have used or utilized?

Gen. KENLY. I would not say that. I say I have recommended as a business proposition, that they be purchased. I would not say that I anticipate.

Mr. MONDELL. You say as a business proposition. As a military proposition on a peace basis is it your opinion that we ought to have all of the fields?

Gen. KENLY. No, sir.

Mr. MONDELL. What do you mean, that we ought to acquire them and then sell them?

Gen. KENLY. Yes, sir; those you do not need. I think the land, without any exception, as a general proposition, has a salable price higher than the option we have to buy.

Mr. MONDELL. You think it is not with land as it is sometimes with wagons? You said a moment ago that you sold some wagons for 50 cents.

Gen. KENLY. I think land is a different proposition.

The CHAIRMAN. Your idea is to buy the land?

Gen. KENLY. Yes, sir. Col. Edgar, a man of considerable experience, is very strong in his belief that it would be a good business proposition to expend, as he says, \$4,000,000 and save \$46,000,000, if for nothing else, his idea being that if you own the whole thing you are then in a position to make disposition of it at an advantageous price.

Mr. MONDELL. That may be true as a general rule and might not be true in each individual case. You might have an individual case in which the expenditure for buildings was not large and in which your expenditure for land would be very considerable. You might have another case in which your expenditure was very large for buildings and your expenditure for land would be comparatively small, or small in proportion to your expenditure for buildings. In one case it might be wise to acquire the land and in the other case it might not be. Assuming as a general proposition that it is well to apply it, the rule applies dependent upon the situation in each case.

Gen. KENLY. As I remember, and I looked over each item, the buildings on the land run from 10 to 20 times the purchase price of the land and in no case less than 10 times.

Col. BENINGTON. There are two fields in Florida which we can buy for \$5,130 each and we have put improvements on one which have cost \$888,000 and on the other of over \$1,000,000.

The CHAIRMAN. Your statement in each case will indicate the value of the improvements and the cost of the land?

Col. BENINGTON. Yes, sir; and will give the location and everything.

STATEMENT AS TO SITES UNDER OPTION FOR PURCHASE.

NOTE.—Attached hereto as Exhibit II is statement showing the nature and location of the various flying schools, repair depots, storage depots, etc., paid out of Air Service funds, giving the particulars as to the lease rental, optional purchase price, and the cost of the buildings and improvements placed upon the land to date.

Appropriations as at Aug. 31, 1918, and purchase price of land in connection with construction projects of the Division of Military Aeronautics.

Acreage.	Location.	Project.	Amounts appropriated as at Aug. 31, 1918.	Purchase price of land.	Remarks.
	Little Silver, N. J.	Camp Alfred Vail.	\$486,350.00		Leased by Quartermaster Department, Little Silver, N. J., 1/4 miles south.
633	Fort Worth, Tex.	Barron Field.	1,215,498.00	\$84,189.00	Evangel, Tex., 1 1/2 miles west.
875	San Antonio, Tex.	Brooks Field.	1,372,506.00	170,273.00	Brewster, Tex., 6 1/2 miles southeast of San Antonio.
640	Wichita Falls, Tex.	Call Field.	1,157,702.00	65,428.00	4 1/2 miles southwest of Wichita Falls, Tex.
640	Arcadia, Fla.	Carlstrom Field.	1,097,500.00	5,120.00	7 miles southwest of Arcadia, Fla.
640	Fort Worth, Tex.	Caruthers Field.	1,046,902.00	64,000.00	1 mile south of Benbrook, Tex.
640	Rantoul, Ill.	Chanute Field.	1,166,982.20	208,000.00	4 miles southeast of Rantoul, Ill.
640	Arcadia, Fla.	Dorr Field.	1,205,500.00	5,120.00	1 1/2 miles east of Arcadia, Fla.
960	Lonsake, Ark.	Eberts Field.	1,817,600.00	68,000.00	3 miles west of Lonsake, Ark., 22 miles east of Little Rock.
1,280	Houston, Tex.	Ellington Field.	2,297,520.00	102,400.00	17 miles southeast of Lake Charles, La., 1/2 mile west of Holmwood.
1,304.2	Lake Charles, La.	Gerstner Field.	2,495,731.75	29,344.50	13 miles southeast of Mineola, Long Island, field No. 1; 2 miles east of Garden City, 3 miles southeast of Mineola, field No. 2.
1,065.88	Mineola, Long Island, N. Y.	Hazelhurst Fields.	5,160,449.00	1,550,000.00	No. 1 property of Government. Cost \$150,217.17; No. 2, option, \$340,236.25, 6 miles southwest of San Antonio, Tex.
2,073.81	San Antonio, Tex.	Kelly Fields Nos. 1, 2, 3, 4.	4,374,875.00		Bought by Government for \$290,000, 3 miles north of Hampton, Va., 6 1/2 miles north of Dallas, Tex.
1,650	Hampton, Va.	Langley Field.	7,004,065.00		Partially in north side of city limits of Dayton, Ohio.
1,650	Dallas, Tex.	Love Field.	1,254,402.00	227,500.00	9 miles south of Riverside, Cal.
393.2	Dayton, Ohio.	McCook Field.	1,050,800.00		13 miles east of Sacramento, Cal.
640	Riverside, Cal.	March Field.	913,400.00	64,000.00	20 miles northeast of Memphis, Tenn.
786.73	Sacramento, Cal.	Mather Field.	856,600.00	78,673.00	3 miles north of West Point, Miss.
907.61	Memphis, Tenn.	Park Field.	2,181,434.28	88,010.50	On Government reservation. Southeast corner Government reservation, Fort Sill, Okla.
533.60	West Point, Miss.	Payne Field.	1,333,660.00	32,001.00	3 miles northwest of Waco, Tex.
	Fort Sill, Okla.	Post Field.	1,724,832.00		Being purchased for joint use of Army and Navy; located on North Island, San Diego, Cal.
690	Waco, Tex.	Rich Field.	1,148,642.00	138,000.00	7 1/2 miles east of Belleville, Ill.
1,280	San Diego, Cal.	Rockwell Field.	1,051,300.00		3 miles north of Mount Clemens, Mich.
642.81	Belleville, Ill.	Scott Field.	1,743,029.19	122,895.00	4 miles north of Americus, Ga.
436.68	Mount Clemens, Mich.	Selfridge Field.	2,416,160.00	190,000.00	1 mile north of Hies, Tex.
688.8	Americus, Ga.	Talafiero Field.	1,172,260.00	32,531.40	1 1/2 miles from Pike Road, Ala., 19 miles from Montgomery.
800	Fort Worth, Tex.	Taylor Field.	1,254,902.00	68,890.00	10 mile northeast of Dayton, Ohio.
2,345.2	Montgomery, Ala.	Wilbur Wright Field.	3,370,677.23	330,000.00	On Government reservation, 4 1/2 miles northeast of center of Omaha, Neb.
135	Dayton, Ohio.	John Wise Balloon School.	262,590.00	83,000.00	On Government reservation.
	San Antonio, Tex.	Balloon school.	618,266.01		In same property as Southern Field.
	Fort Omaha, Nebr.	do.	400,000.00		Property of Government; bought for \$3,000; north side city limits, Fairfield, Ohio.
	Fort Sill, Okla.	Air Service mechanics school.	155,000.00		
	St. Paul, Minn.	Warehouse.	400,260.00		
	Americus, Ga.	Warehouse.	904,700.00		
40	Dayton, Ohio.	Depot warehouse.			

41.2 17.21	Middletown, Pa. Richmond, Va.	Supplies depot	1,843,081.07 1,000,000.00		Being condemned for permanent acquisition, in Middletown, Pa. Being condemned for permanent acquisition, 6½ miles west of center of town.
30.00	Fort Sam Houston, Tex.	Warehouse	275,011.00		On Government reservation, 7 miles from San Antonio.
313.42	Dallas, Tex.	Repair depot	717,061.00		Included under Love Field, above, 6½ miles north of Dallas.
	Indianapolis, Ind.	Engine repair depot	644,000.00	41,320.00	Speedway, Ind.
294.74	Montgomery, Ala.	Engine and plane repair depot	601,000.00	33,247.90	18 miles from Montgomery, Ala.
	Morrison, Va.	Supply depot and concentration camp	2,173,633.00		\$51,175 for 257.50 acres; \$9,295 for 37.18 acres.

Gen. KENLY. That is a matter entirely for you gentlemen to determine. What I say about my belief as a business proposition is the way it looks to me. I do not claim to understand those matters.

Mr. EAGAN. Those buildings are not such as could be easily disposed of?

Gen. KENLY. There are many things. The barracks are fair dwelling houses and the hangars could be used for large barns, and for all sorts of things.

Col. BENINGTON. And they could be used in connection with fair grounds, if you could get a local community to buy them.

MAINTENANCE OF FIELDS AND DEPOTS.

The CHAIRMAN. You have an item for maintenance of fields and depots and you estimate \$2,486,000?

Col. BENINGTON. That is based upon the actual expenditures made by disbursing officers in the field for the last three months, and assuming the same average expenditures will continue for the next eight months.

The CHAIRMAN. Your tenure of these lands is for three years, in the event they are not purchased?

Col. BENINGTON. Yes, sir; and we can terminate our tenancy at the close, but the option only lasts for three years.

The CHAIRMAN. Are you paying rent for the land?

Col. BENINGTON. Yes, sir.

The CHAIRMAN. Please include in the statement that I asked for the rental that you are paying for the various pieces of land.

Col. BENINGTON. Yes, sir.

Aviation fields and auxiliaries.

Location.	Project.	Rental.
Americus, Ga.....	Souther Field.....	\$4,067.00
	Auxiliary to Souther.....	2,066.10
Arcadia, Fla.....	Carlstrom Field.....	320.00
	Target range for Carlstrom.....	18.00
	Dorr Field.....	320.00
Belleville, Ill.....	Scott Field.....	7,422.52
	Auxiliary to Scott.....	1,054.00
Columbia, S. C.....	Flying Field, Camp Jackson.....	1,447.50
	do.....	(¹)
Dallas, Tex.....	Love Field.....	4,550.00
	Auxiliary No. 1 to Love.....	2,468.00
	Auxiliary No. 2 to Love.....	3,600.00
	Disposal plant for Love.....	(²)
Dayton, Ohio.....	Wilbur Wright Field.....	20,000.00
Commack, L. I.....	First provisional wing.....	3,017.97
Babylon, L. I.....	do.....	5,001.00
Wantagh, L. I.....	do.....	12,616.64
Fort Sill, Okla.....	Post Field.....	(³)
Fort Worth, Tex.....	Taliaferro Field.....	4,132.80
	Gunnery school for Taliaferro.....	58,531.93
	Barron Field.....	4,431.00
	Auxiliary to Barron.....	633.33
	Carruthers Field.....	4,480.00
	Auxiliary No. 1 to Carruthers.....	2,450.00
	Auxiliary No. 2 to Carruthers.....	1,120.00
	Target range to Carruthers.....	119.00
Hampton, Va.....	Langley Field.....	(¹)
Houston, Tex.....	Ellington Field.....	3,840.00
	Auxiliary No. 1.....	1,605.00
	Auxiliary No. 2.....	997.80
	Auxiliary No. 3.....	1,038.93
	Auxiliary No. 5.....	999.00
	Auxiliary No. 6.....	1,182.00
	Auxiliary No. 7.....	1,168.90
	Second provisional wing.....	1,034.40

¹ Being condemned for temporary use.

² Being purchased for \$900.

³ On Government reservation.

⁴ Purchased by Government.

Aviation fields and auxiliaries—Continued.

Location.	Project.	Rental.
Lake Charles, La.....	Gerstner Field.....	\$1,304.20
	Addition to Gerstner.....	2.00
	Auxiliary No. 1 to Gerstner.....	2,428.87
	Auxiliary No. 2 to Gerstner.....	1,733.33
	do.....	1,525.33
	Target range for Gerstner.....	1.00
Lonoke, Ark.....	Eberts Field.....	1.00
	Auxiliary to Eberts.....	800.00
Memphis, Tenn.....	Park Field.....	9,078.10
	Auxiliary No. 1 to Park.....	1,000.00
	Auxiliary No. 2 to Park.....	1,000.00
Miami, Fla.....	Miami, Fla.....	6,699.70
Mineola, N. Y.....	Hazlehurst Field.....	12,000.00
Montgomery, Ala.....	Taylor Field.....	3,200.00
	Auxiliary No. 1 to Taylor.....	580.00
	Auxiliary No. 2 to Taylor.....	480.00
	Auxiliary No. 3 to Taylor.....	849.00
Mount Clemens, Mich.....	Selfridge Field.....	13,500.00
	Gunnery school.....	47,340.05
	do.....	(1)
Philadelphia, Pa.....	Chandler Field.....	1.00
Rantoul, Ill.....	Chanute Field.....	12,800.00
	Auxiliary to Chanute.....	3,606.00
Riverside, Cal.....	March Field.....	1.00
Sacramento, Cal.....	Mather Field.....	1.00
	Auxiliary to Mather.....	573.38
San Antonio, Tex.....	Kelly Field No. 1.....	(2)
	Kelly Field No. 2.....	20,126.25
	Addition to Kelly No. 2.....	10,788.45
	Auxiliary No. 1 to Kelly.....	1,510.00
	Auxiliary No. 2 to Kelly.....	784.00
	Target range for Kelly.....	1,447.50
	Brooks Field.....	8,078.00
	Addition to Brooks.....	805.33
	Auxiliary No. 1 to Brooks.....	1,863.00
	Auxiliary No. 2 to Brooks.....	2,187.50
San Diego, Cal.....	Rockwell Field.....	(3)
	Otaymesa Auxiliary.....	2,240.00
Waco, Tex.....	Rich Field.....	6,900.00
	Auxiliary No. 1 to Rich.....	1,179.00
	Auxiliaries to Rich.....	1,366.32
West Point, Miss.....	Payne Field.....	4,266.88
	Auxiliary No. 1 to Payne.....	1,652.88
	Auxiliary No. 2 to Payne.....	709.26
Wichita Falls, Tex.....	Call Field.....	1,305.00
	Auxiliary to Call.....	300.00
Dayton, Ohio.....	McCook Field.....	12,800.00
	Garage for McCook Field.....	350.00
Anacostia, Md.....	Bolling Field.....	(4)
<i>Acceptance parks.</i>		
Detroit, Mich.....		24,596.00
Elizabeth, N. J.....		6,853.75
Dayton, Ohio.....		(5)
Buffalo, N. Y.....		(6)
<i>Warehouses.</i>		
Americus, Ga.....	Aviation general supply depot.....	(7)
Buffalo, N. Y.....	Warehouse.....	3,750.00
Dayton, Ohio.....	Aviation general supply depot.....	(8)
Do.....	Warehouse.....	1.00
Detroit, Mich.....	Saxon motor car plant.....	90,000.00
Houston, Tex.....	Warehouse No. 1.....	45,414.00
Do.....	Warehouse No. 2.....	20,026.17
Jersey City, N. J.....	Embarkation warehouse.....	21,163.04
Little Rock, Ark.....	Aviation general supply depot.....	(9)
Los Angeles, Cal.....	do.....	10,000.00
Middletown, Pa.....	Warehouse No. 1.....	3,877.00
Do.....	Warehouse No. 2.....	1,936.00
Richmond, Va.....	Aviation general supply depot.....	(10)
Do.....	Right of way to warehouse.....	2.00

¹ Being condemned for temporary use.² Purchased by Government after July 1, 1917, for \$156,217.17.³ Being purchased for joint use of Army and Navy.⁴ On Government reservation.⁵ Lease not yet consummated.⁶ Probable total cost to July 1, 1919, \$80,000.⁷ On land rented for Souther field.⁸ Purchased by Government for \$8,000.⁹ Being condemned for permanent acquirement.

Aviation fields and auxiliaries—Continued.

Location.	Project.	Rental.
<i>Warehouses—Continued.</i>		
Richmond, Va.....	Balloon supply warehouse.....	\$10,333.33
Do.....	Garage for balloon warehouse.....	166.67
San Antonio, Tex.....	Aviation general supply depot.....	(1)
Sacramento, Cal.....	Warehouse.....	1,200.00
Washington, D. C.....	Aviation general supply depot.....	(2)
New York City.....	Radio and photographic warehouse.....	25,000.00
Garden City, L. I.....	Air service depot.....	(1)
Morrison, Va.....	do.....	(2)
<i>Concentration camps.</i>		
Dallas, Tex.....	Camp Dick.....	1.00
	Hospital for Camp Dick.....	1,020.00
	Nurses' quarters.....	360.00
	Target range for Camp Dick.....	12.00
Mineola, L. I.....	Hazlehurst No. 2.....	7,500.00
	Addition No. 1.....	993.68
	Addition No. 2.....	1,344.92
Morrison, Va.....	Concentration camp.....	1,762.60
<i>Engine and plane repair depots.</i>		
Indianapolis, Ind.....		2,066.00
Do.....		1.00
Dallas, Tex.....		(4)
Montgomery, Ala.....		2,066.25
<i>Balloon schools and detachments.</i>		
Fort Sill, Okla.....	Observers' school.....	(3)
Lee Hall, Va.....	Balloon school.....	(4)
Los Angeles, Cal.....	Balloon school.....	3,536.00
	Camp for observers' quarters.....	1.00
Omaha, Nebr.....	Balloon school.....	(4)
	Auxiliary Field No. A.....	100.00
	Auxiliary Field No. B.....	300.00
San Antonio, Tex.....	Camp John Wise.....	1,550.00
	Addition to John Wise.....	1,525.50
	Missouri Aero Reserve.....	1.00
<i>Cross-country landing fields.</i>		
Austin, Tex.....		1.00
Do.....		1.00
Beeville, Tex.....		1.00
Flatonia, Tex.....		1.00
Hondo, Tex.....		325.00
Pandora, Tex.....		25.00
Rochester, N. Y.....		1.00
San Antonio, Tex.....		1.00
San Marcos, Tex.....		1.00
Seguin, Tex.....		1.00
Uvalde, Tex.....		1.00
Victoria, Tex.....		1.00
<i>Miscellaneous.</i>		
Ithaca, N. Y.....	Photographic school.....	925.00
Little Silver, N. J.....	Radio school.....	(8)
	Flying field for radio school.....	1,100.00
Miami, Fla.....	Experimental Field.....	1.00
Los Angeles, Cal.....	Barracks.....	1,400.00
New York, N. Y.....	Fourteenth Street barracks.....	7,375.00
Rochester, N. Y.....	Photographic school.....	1.00
St. Paul, Minn.....	Mechanics' training school.....	115,469.50
	Additional land.....	1,854.00
Washington, D. C.....	Fourteenth Street garage.....	7,200.00
	Carpenter shop.....	312.50

¹ On Kelly Field No. 1.² Being requisitioned for temporary use.³ On lands leased for concentration camp.⁴ On property leased for Love Field.⁵ On Government reservation.⁶ Purchased by Government for \$90,000.⁷ To Dec. 31, 1918.⁸ On 381½ acres leased by Q. M. for \$5,000.

The CHAIRMAN. You estimate, in any event, that you probably will have the most of these depots and fields until July next?

Col. BENINGTON. Yes, sir; we shall not be able to get out. We shall certainly have to maintain them in one shape or another.

The CHAIRMAN. Your estimate of maintenance is predicated on what it has been costing you in the past. Is your maintenance heavy?

Col. BENINGTON. No, sir; not particularly.

The CHAIRMAN. It ought to be at the same rate the remaining months as it has been. There was a great deal of work in cleaning your grounds and putting them in shape?

Col. BENINGTON. Assuming that they are to be used as demobilization camps they will get dirty and have to be cleaned up. There is an awful lot of coming and going. On a little over 50 projects this is not relatively a large sum of money.

MILEAGE OF OFFICERS.

The CHAIRMAN. You have an estimate for mileage of officers, \$205,000. I think under the act appropriating this fund, mileage of officers of the Signal Corps was to be paid out of your fund and not out of the mileage funds of the quartermaster?

Col. BENINGTON. We transfer funds to the quartermaster.

Gen. LORD. The mileage involved here is under a special provision that mileage which is occasioned by the direct demands of the project or work shall be paid out of the money appropriated for that particular project. Officers traveling on duty in connection purely and simply with aeronautics are paid out of the appropriation for aeronautics, but if they are assigned to a change of station—ordered from one station to another—they fall under the regular mileage appropriation and are paid out of the regular mileage.

The CHAIRMAN. I was under the impression that the statute expressly stated that mileage for men in the aviation service should be paid from aviation funds?

Gen. LORD. I think that is only the case when they are traveling on duty connected with the specific project or work.

CIVILIAN EMPLOYEES.

The CHAIRMAN. You have \$3,000,000 figured as the salaries and wages of civilian employees. That is predicated upon what?

Col. BENINGTON. There are 2,400 at the present time in the United States, and we are trying to let out as many officers as possible, and some of them will have to be replaced by civilians to help clean up, although some of the low-grade civilians will be let out immediately. Three million dollars figures an average salary of less than \$2,000 per annum, assuming that for the next eight months we will still have to hold 2,400.

The CHAIRMAN. You do not expect to have a reduction in your force?

Col. BENINGTON. Yes, sir; a very considerable one.

The CHAIRMAN. If you have 2,400 now and you are estimating to pay 2,400 for eight months that would not indicate it?

Col. BENINGTON. That is a liberal figure, but in the cleaning up and winding up of contracts there will be need for quite a lot of civilian help. We did not feel like paring that figure down too far. There should be a saving on that item, but it depends on the policy adopted. If you are going to keep a number of officers and soldiers in against their will you will save money, but if you want to send

them home enthusiastic citizens you must hire civilians at an early date to take their places and that will cost considerable.

The CHAIRMAN. And another thing, it depends on whether you are going to run all of these camps?

Col. BENINGTON. There are very few civilian employees. They will run about 1,100 only at the camps and depots.

The CHAIRMAN. Where are the rest of them?

Col. BENINGTON. In Washington.

The CHAIRMAN. You mean that they are clerks here in Washington.

Col. BENINGTON. Yes; clerks and stenographers.

The CHAIRMAN. I thought you got those paid for out of the appropriation for additional clerical hire?

Col. BENINGTON. No, sir; that is all being loaded onto us now.

Mr. MONDELL. This covers practically the clerical force?

Col. BENINGTON. Civil engineers, accountants, clerks, and stenographers.

The CHAIRMAN. It is a temporary force here in Washington?

Col. BENINGTON. Yes; about two-thirds.

The CHAIRMAN. Are you reducing that force any?

Col. BENINGTON. My own branch is not reducing, and will have to increase substantially. I believe they are reducing in other branches.

The CHAIRMAN. Where are you housed?

Col. BENINGTON. At Four-and-a-half and Missouri Avenue.

The CHAIRMAN. I think we should like to have you place in the record a statement as to the number of employees you have here in your office in Washington and your estimate of the reduction of force?

Col. BENINGTON. Yes, sir.

Statement showing number of civilian employees in Washington and elsewhere in the United States of America.

Attached hereto as Exhibit III is statement showing the (a) number of employees at present in Washington, (b) number of employees outside of Washington in the United States, showing in each case the salaries of such employees upon an annual basis and what same would amount to for the period December 1, 1918, to June 30, 1919.

It will be noted that the sum necessary to carry these employees to June 30 next is only \$1,823,100. These details were not available at the time the estimates were prepared and it is now suggested that the estimate of \$3,000,000 be reduced to \$1,500,000.

EXHIBIT III—PART I.

Division of Military Aeronautics, Civilian Personnel—Departmental Service.

Classification.	Employees in service Nov. 30, 1918.	Annual salary.	Present annual expenditure.	Estimated expenditure Dec. 1, 1918, to June 30, 1919.
Control board (5):				
Clerks.....	2	\$1,400.00	\$2,800.00	\$1,633.33
Clerk.....	1	1,200.00	1,200.00	700.00
Do.....	1	1,100.00	1,100.00	641.66
Messenger.....	1	480.00	480.00	280.00
Executive section (324):				
Clerk.....	1	2,250.00	2,250.00	1,312.50
Clerks.....	4	1,600.00	6,400.00	3,733.33
Clerk.....	1	1,500.00	1,500.00	875.00
Clerks.....	23	1,400.00	32,200.00	18,783.33
Do.....	143	1,200.00	171,600.00	100,100.00
Do.....	99	1,100.00	108,900.00	63,525.00

Division of Military Aeronautics, Civilian Personnel—Departmental Service—Continued.

Classification.	Employees in service Nov. 30, 1918.	Annual salary.	Present annual expenditure.	Estimated expenditure Dec. 1, 1918, to June 30, 1919.
Executive section (324)—Continued.				
Draftsmen.....	2	\$1,800.00	\$3,600.00	\$2,100.00
Draftsman.....	1	1,500.00	1,500.00	875.00
Do.....	1	1,200.00	1,200.00	700.00
Do.....	1	900.00	900.00	525.00
Carpenters.....	6	1,500.00	9,000.00	5,250.00
Electrician.....	1	1,500.00	1,500.00	875.00
Messenger.....	1	1,000.00	1,000.00	583.33
Do.....	1	900.00	900.00	525.00
Messengers.....	5	840.00	4,200.00	2,450.00
Do.....	10	720.00	7,200.00	4,200.00
Do.....	24	480.00	11,520.00	6,720.00
Operations section (19):				
Clerk.....	1	1,800.00	1,800.00	1,050.00
Clerks.....	2	1,400.00	2,800.00	1,633.33
Do.....	7	1,200.00	8,400.00	4,900.00
Do.....	7	1,100.00	7,700.00	4,491.66
Messenger.....	1	840.00	840.00	490.00
Do.....	1	720.00	720.00	420.00
Personnel section (266):				
Clerks.....	3	1,600.00	4,800.00	2,800.00
Do.....	20	1,400.00	28,000.00	16,333.33
Do.....	145	1,200.00	174,000.00	101,500.00
Do.....	80	1,100.00	88,000.00	51,333.33
Do.....	4	900.00	3,600.00	2,100.00
Messenger.....	1	720.00	720.00	420.00
Messengers.....	13	480.00	6,240.00	3,640.00
Supply section (323):				
Accountant.....	1	3,600.00	3,600.00	2,100.00
Accountants.....	4	2,400.00	9,600.00	5,600.00
Accountant.....	1	2,000.00	2,000.00	1,166.66
Accountants.....	5	1,800.00	9,000.00	5,250.00
Accountant.....	1	1,500.00	1,500.00	875.00
Clerks.....	3	3,000.00	9,000.00	5,250.00
Clerk.....	1	2,400.00	2,400.00	1,400.00
Do.....	1	2,200.00	2,200.00	1,283.33
Clerks.....	2	2,000.00	4,000.00	2,333.33
Do.....	7	1,800.00	12,600.00	7,350.00
Do.....	2	1,600.00	3,200.00	1,866.66
Do.....	4	1,500.00	6,000.00	3,500.00
Do.....	12	1,400.00	16,800.00	9,800.00
Do.....	139	1,200.00	166,800.00	97,300.00
Do.....	111	1,100.00	122,100.00	71,225.00
Draftsman.....	1	1,500.00	1,500.00	875.00
Messengers.....	7	840.00	5,880.00	3,430.00
Do.....	4	720.00	2,880.00	1,680.00
Do.....	17	480.00	8,160.00	4,760.00
Training section (134):				
Clerk.....	1	1,800.00	1,800.00	1,050.00
Clerks.....	5	1,500.00	7,500.00	4,375.00
Do.....	12	1,400.00	16,800.00	9,800.00
Do.....	84	1,200.00	100,800.00	58,800.00
Do.....	16	1,100.00	17,600.00	10,266.66
Messengers.....	2	840.00	1,680.00	980.00
Do.....	3	720.00	2,160.00	1,260.00
Do.....	11	480.00	5,280.00	3,080.00
Do.....	1	1,200.00	1,200.00	700.00
Technical section, clerk.				
Voluntary section (104):				
Accountant.....	1	4,200.00	4,200.00	2,450.00
A. M. E.....	1	3,600.00	3,600.00	2,100.00
Do.....	3	2,100.00	6,300.00	3,675.00
Do.....	4	1,800.00	7,200.00	4,200.00
A. E.....	1	3,000.00	3,000.00	1,750.00
A. M. D.....	1	2,000.00	2,000.00	1,166.66
Do.....	2	1,600.00	3,200.00	1,866.66
Production expert.....	1	2,750.00	2,750.00	1,604.16
Do.....	1	2,400.00	2,400.00	1,400.00
Production experts.....	2	2,100.00	4,200.00	2,450.00
Production expert.....	1	1,800.00	1,800.00	1,050.00
Production experts.....	7	1,500.00	10,500.00	6,125.00
Do.....	3	1,200.00	3,600.00	2,100.00
Do.....	3	2,400.00	7,200.00	4,200.00
Registrars.....	3	2,400.00	7,200.00	4,200.00
Registrar.....	1	1,700.00	1,700.00	991.66
Do.....	1	1,500.00	1,500.00	875.00
Draftsman.....	1	1,400.00	1,400.00	816.66
Charwomen.....	104	360.00	25,200.00	14,700.00
Total.....	1,176		1,334,360.00	778,376.57

EXHIBIT III—PART II.

Division of Military Aeronautics, civilian personnel—Field service.

Classification.	Number of employees, Dec. 1, 1918.	Rate per annum.	Annual expenditure.	Expenditure Dec. 1, 1918, to June 30, 1919.
Clerk.....	111	\$1,000.00	\$111,000.00	\$64,750.00
Do.....	24	1,100.00	26,400.00	15,400.00
Do.....	157	1,200.00	188,400.00	109,900.00
Do.....	6	1,300.00	7,800.00	4,550.00
Do.....	23	1,400.00	32,200.00	18,783.33
Do.....	20	1,500.00	30,000.00	17,500.00
Do.....	10	1,600.00	16,000.00	9,333.33
Do.....	9	1,800.00	16,200.00	9,450.00
Do.....	1	2,000.00	2,000.00	1,166.66
Do.....	1	2,200.00	2,200.00	1,283.33
Do.....	3	2,400.00	7,200.00	4,200.00
Kitchen help, waiters, and janitors.....	3	216.00	648.00	378.00
Do.....	2	480.00	960.00	560.00
Do.....	27	624.00	16,848.00	9,828.00
Do.....	2	660.00	1,320.00	770.00
Do.....	55	720.00	39,600.00	23,100.00
Do.....	47	900.00	42,300.00	24,675.00
Do.....	3	1,000.00	3,000.00	1,750.00
Do.....	36	1,100.00	39,600.00	23,100.00
Do.....	1	1,200.00	1,200.00	700.00
Do.....	1	1,248.00	1,248.00	728.00
Do.....	1	1,300.00	1,300.00	758.33
Do.....	3	1,400.00	4,200.00	2,450.00
Aviation mechanics.....	13	1,200.00	15,600.00	9,100.00
Aviation mechanic.....	1	1,400.00	1,400.00	816.66
Aviation mechanics.....	14	1,440.00	20,160.00	11,780.00
Do.....	50	1,500.00	75,000.00	43,750.00
Do.....	24	1,600.00	38,400.00	22,400.00
Do.....	10	1,700.00	17,000.00	9,916.66
Do.....	62	1,800.00	111,600.00	65,100.00
Do.....	14	2,000.00	28,000.00	16,333.33
Do.....	9	2,100.00	18,900.00	11,025.00
Do.....	7	2,400.00	16,800.00	9,500.00
Aviation mechanic.....	1	3,600.00	3,600.00	2,100.00
Instructors in flying and ballooning.....	20	1,200.00	24,000.00	14,000.00
Do.....	1	1,800.00	1,800.00	1,050.00
Do.....	53	3,600.00	190,800.00	111,300.00
Do.....	28	4,200.00	117,600.00	68,600.00
Do.....	6	4,800.00	28,800.00	16,800.00
Do.....	2	5,000.00	10,000.00	5,833.33
Do.....	1	5,200.00	5,200.00	3,033.33
Carpenters, blacksmiths, and plumbers.....	5	1,080.00	5,400.00	3,150.00
Do.....	3	1,200.00	3,600.00	2,100.00
Do.....	6	1,248.00	7,488.00	4,368.00
Do.....	1	1,320.00	1,320.00	770.00
Do.....	34	1,380.00	46,920.00	27,370.00
Do.....	7	1,500.00	10,500.00	6,125.00
Do.....	3	1,680.00	5,040.00	2,940.00
Do.....	1	1,800.00	1,800.00	1,050.00
Do.....	24	1,872.00	44,928.00	26,206.00
Do.....	11	2,000.00	22,000.00	12,833.33
Aeronautical mechanical engineers.....	7	1,200.00	8,400.00	4,900.00
Do.....	1	1,300.00	1,300.00	758.33
Do.....	15	1,500.00	22,500.00	13,125.00
Do.....	1	1,680.00	1,680.00	980.00
Do.....	16	1,800.00	28,800.00	16,800.00
Do.....	4	2,000.00	8,000.00	4,666.66
Do.....	9	2,100.00	18,900.00	11,025.00
Do.....	5	2,400.00	12,000.00	7,000.00
Do.....	2	2,700.00	5,400.00	3,150.00
Do.....	6	3,000.00	18,000.00	10,500.00
Do.....	2	3,600.00	7,200.00	4,200.00
Production experts and field auditors.....	1	1,200.00	1,200.00	700.00
Do.....	9	1,500.00	13,500.00	7,875.00
Do.....	15	1,800.00	27,000.00	15,750.00
Do.....	4	2,000.00	8,000.00	4,666.66
Do.....	2	2,100.00	4,200.00	2,450.00
Do.....	4	2,400.00	9,600.00	5,666.66
Do.....	2	2,500.00	5,000.00	2,916.66
Do.....	1	2,600.00	2,600.00	1,516.66
Do.....	1	2,750.00	2,750.00	1,604.16
Do.....	1	3,600.00	3,600.00	2,100.00
Watchmen and guards.....	1	720.00	720.00	420.00
Do.....	6	800.00	4,800.00	2,800.00
Do.....	3	900.00	2,700.00	1,575.00
Do.....	2	1,080.00	2,160.00	1,260.00

Division of Military Aeronautics, civilian personnel—Field service—Continued.

Classification.	Number of employees, Dec. 1, 1918.	Rate per annum.	Annual expenditure.	Expenditure Dec. 1, 1918, to June 30, 1919.
Cooks.....	2	\$1,000.00	\$2,000.00	\$1,166.66
Do.....	6	1,080.00	6,480.00	3,780.00
Do.....	8	1,200.00	9,600.00	5,600.00
Do.....	1	1,500.00	1,500.00	875.00
Do.....	1	1,800.00	1,800.00	1,050.00
Do.....	2	2,000.00	4,000.00	2,333.33
Engineers and yardmasters.....	6	1,209.00	7,200.00	4,200.00
Do.....	1	1,440.00	1,440.00	840.00
Do.....	3	1,570.00	4,500.00	2,625.00
Do.....	1	1,872.00	1,872.00	1,092.00
Do.....	3	2,100.00	6,300.00	3,675.00
Do.....	1	2,184.00	2,184.00	1,274.00
Do.....	1	2,400.00	2,400.00	1,400.00
Do.....	2	3,000.00	6,000.00	3,500.00
Messengers.....	1	390.00	390.00	227.50
Do.....	1	540.00	540.00	315.00
Do.....	2	600.00	1,200.00	700.00
Do.....	5	840.00	4,200.00	2,450.00
Do.....	1	1,020.00	1,020.00	595.00
Military storekeepers.....	5	1,200.00	6,000.00	3,500.00
Do.....	3	1,400.00	4,200.00	2,450.00
Do.....	1	1,500.00	1,500.00	875.00
Packers and checkers.....	8	1,000.00	8,000.00	4,666.66
Expert accountant.....	1	4,200.00	4,200.00	2,450.00
Aeronautical mechanical draftsman.....	1	1,100.00	1,100.00	641.66
Do.....	1	1,200.00	1,200.00	700.00
Do.....	1	1,400.00	1,400.00	816.66
Do.....	1	1,500.00	1,500.00	875.00
Do.....	1	1,600.00	1,600.00	933.33
Electrician.....	1	1,500.00	1,500.00	875.00
Do.....	1	1,620.00	1,620.00	945.00
Do.....	1	2,000.00	2,000.00	1,166.66
Inspectors.....	2	1,200.00	2,400.00	1,400.00
Inspector.....	1	1,500.00	1,500.00	875.00
Photographer.....	1	1,320.00	1,320.00	770.00
	155		1,790,956.00	1,044,724.21

EXPERIMENTAL INVESTIGATIONS.

The CHAIRMAN. You have an item of experimental investigations, \$1,333,000. What is the explanation of that?

Gen. KENLY. Various investigations connected with aeronautics that are under way. We feel that we can not very well stop until we get the value of what has already been done. Science, as you know, is changing as rapidly as aeronautics. It requires constant investigation. For instance, at Dayton we have been engaged, in cooperation with the engineers of production, for some months past in doing important experimental work, and a great deal of it.

The CHAIRMAN. How much money have you spent during the past fiscal year on experimental investigations?

Col. BENINGTON. \$65,000 since July 1 we have paid out, but we have allotted \$248,000.

The CHAIRMAN. Why should there be this tremendous estimate?

Col. BENINGTON. That is a point on which I have no information. I did not have to know of it and I did not inquire.

NOTE: Certified copy of telegram in regard to experimental work at McCook Field, Dayton, Ohio.—This telegram just to hand from Col. Bane, who is in charge of the experimental work at McCook Field, Dayton, Ohio, from which it was evident that unless his activities are very much curtailed, the estimate put forward for experimental work for period ending June 30, 1919, is rather too small than too great.

WESTERN UNION TELEGRAM.

McCook Field,
Dayton, Ohio, December 17, 1918.

DIRECTOR OF MILITARY AERONAUTICS,
Four-and-a-half Street and Missouri Avenue, Washington:

Funds authorized for fiscal year ending June 30, 1919, deemed inadequate. Pay roll at McCook Field now totals \$269,000 per month. Total monthly cost for material, general supplies, and outside experimental orders averages \$222,000. Survey is now being made with view of determining how much these figures can be cut down during the next six months. It must be understood that work under way and outside experimental orders must be continued, so that operating expenses during next six months will be higher than those to be expected upon peace status. This work under way and these outside contracts can not be stopped without loss to the Government. Financial estimate of operating expenses to include June 30, 1919, being prepared and will be forwarded at early date.

BANE.

Certified a true copy.

C. M. NEUBAUER, Captain, A. S. M. A.

COMPLETION OF CONSTRUCTION WORK AT PERMANENT FIELDS—
LANGLEY AND ROCKWELL FIELDS.

The CHAIRMAN. For completion of construction work at permanent fields, \$4,000,000. Are you going on with construction work?

Gen. KENLY. I know where a good part of that is supposed to go. It is at Langley Field, and Langley Field, at Hampton, Va., has been designated as a permanent experimental field not only for aviation but for the Bureau of Standards and the National Society for Aeronautics. It is my impression they have already spent something like \$8,000,000, but I may be wrong about that amount, and I think originally \$15,000,000 was appropriated for that. There has been so much done there that it ought to be finished; it is not finished now but there has been a great deal done.

The CHAIRMAN. Are you doing anything there now?

Gen. KENLY. They are not doing very much now, but they are doing something. There has been more or less of a cessation of work due to the shortage of water. Gen. Ferguson limited everybody to so much water per day; they have quite a lot of negro construction workers there and when they got short of water it was rather a serious matter with them.

The CHAIRMAN. I was rather under the impression that all construction work which was not necessary in order to prevent loss and deterioration had been suspended at all of these camps.

Gen. KENLY. There is nothing going on down there at present.

Col. BENINGTON. There is no construction work going on at Langley Field just at the moment.

Gen. KENLY. I was there a week or so ago and there was nothing going on except ditch digging and work of that kind, that work being done by negro construction squadrons, but no building or any work of that sort.

Mr. MONDELL. The major portion of this item was intended to provide for Langley Field, was it not?

Gen. KENLY. As I understand, the major portion of this \$4,000,000 is for Langley Field and Rockwell Field, at San Diego. That field has already had a great deal of work done on it and is one of the fields that we hope to retain as a permanent part of our

aviation institution. At that field is located our main gunnery school and it is a school for advanced training generally. They have done a whole lot of work there already, some of a permanent character and some that is not. The gunnery school, I think, is a very good one. Gen. Livingston, of the Royal Air Force, was over here and, I believe, as much as any other British officer in aviation, has seen more than almost any man as to what they have done in England and in France. He inspected many of our activities and said he was satisfied we had the best gunnery school in the world at Rockwell Field. I mention that in order to show our desire to finish it up and make it a permanent establishment.

The CHAIRMAN. We would be glad to have you submit a statement in some detail showing what this \$4,000,000 is to go for.

Col. BENINGTON. I have that right here, sir. They want to construct a dirigible balloon hangar at Langley Field, which will cost \$450,000; to complete work started, but not completed, at Langley Field, \$800,000, that is structures that are probably more than 60 per cent completed, and they want to go on and finish them; the erection of a hydrogen gas plant at Langley Field, \$984,000. That is necessary, of course, in connection with balloon training. Additional construction at Rockwell Field, San Diego, \$1,500,000; erection of three steel hangars at the general supply depot, Richmond, to give additional storage room for overseas material which is being returned, \$65,000; expenditures at Bolling Field, in order to make that field serviceable for winter use, \$150,000, and the construction of barracks at Fortress Monroe, \$51,100.

The CHAIRMAN. Have you a memorandum in explanation of the items you have read?

Col. BENINGTON. No, sir; that is all the detail I have. Do I understand you desire fuller details than that?

The CHAIRMAN. I think that perhaps there should be a brief statement made as to the need and purpose of these investments. You might supply such a statement for the record.

Col. BENINGTON. Very well, sir.

STATEMENT SHOWING THE NATURE OF THE CONSTRUCTION WORK PROVIDED FOR IN
THE ESTIMATE OF \$4,000,000.

Attached hereto as Exhibit No. V is statement showing the nature of the construction work provided for in the estimate of \$4,000,000.

EXHIBIT V.

WAR DEPARTMENT,
OFFICE OF THE DIRECTOR OF MILITARY AERONAUTICS,
Washington, December 19, 1918.

Memorandum for Lieut. Col. Benington:

In connection with estimated cost of construction to be done during the present fiscal year, in the amount of \$4,000,000, this matter has been taken up with Col. Edgar, and the following is an itemized list of this estimate:

A. LANGLEY FIELD.

Construction of dirigible balloon hangar.....	\$450,000.00
Completion of work started, but not completed including construction of power house.....	800,000.00
	<u>1,250,000.00</u>

New construction:

(a) Construction shop.....	\$250,000.00
(b) 3 hangars.....	120,000.00
(c) Barracks for 150 men.....	125,000.00
(d) Post-exchange.....	50,000.00
(e) Hospital.....	125,000.00
(f) 4 non-commissioned officers' quarters.....	80,000.00
(g) 5 sets officers' quarters.....	150,000.00
(h) Utilities.....	84,000.00

984,000.00

B. ROCKWELL FIELD.

(a) Surfacing Fourth Street from K Avenue to Rockwell Bridge.....	7,000.00
(b) 3 motor-driven power sprinklers to be used for sprinkling flying field.....	20,000.00
(c) Tank and underground pipe for salt water system for sprinkling flying field.....	15,000.00
(d) Construction shop (foundations completed).....	200,000.00
(e) 2 sets of barracks (foundations started).....	200,000.00
(f) Dope house (foundations completed).....	12,000.00
(g) 8 hangars.....	280,000.00
(h) 6 barracks, enlisted group.....	600,000.00
(i) Utilities.....	166,000.00

1,500,000.00

C. AVIATION GENERAL SUPPLY DEPOT, RICHMOND, VA.

(a) Erection of 3 steel hangars for storage.....	65,000.00
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D. BOLLING FIELD.

(a) Construction necessary for making present buildings serviceable for winter use, including construction of new barracks and mess hall.....	150,000.00
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E. FORTRESS MONROE.

(a) Construction of barracks.....	51,500.00
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O. S. VAN DE MARK,
Captain, A. S. A.

INCIDENTAL EXPENSES.

The CHAIRMAN. You have an item for incidental expenses amounting to \$1,332,193.60.

Col. BENINGTON. Those incidental expenses are merely a prorate of the estimate for 1920 on the basis of eight months. I can not give you any more detail about that item.

THURSDAY, DECEMBER 12, 1918.

STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, AND LIEUT. COL. J. H. ADAMS AND MR. JAMES R. BAKER.

SUBSISTENCE OF THE ARMY.

The CHAIRMAN. Colonel, you have had for subsistence in the way of appropriations \$985,859,485 and \$13,838,059.41. Your statement shows that as of December 1 there has been disbursed or obligations incurred amounting to \$236,851,372.22 and \$3,323,540.43, making

balances available as of the same date out of the appropriation first mentioned of the sum of \$749,008,112.76 and out of the second appropriation \$10,514,518.98. Subsistence is a little different from most other supplies that the Army has had to make provision for in that there will be a continuing use for the character of goods bought for some time to come, I assume, so that I presume you have not undertaken to avoid a great many contracts that have been made. What is the fact?

Col. ADAMS. Very few, sir.

The CHAIRMAN. The figures stated here indicate disbursements actually made or obligations incurred. Do you expect to meet all the obligations that have been incurred prior to December 1, or are you undertaking to void any of them?

Col. ADAMS. No, sir; we are not attempting to void any of them. We have the emergency ration, we have the steel containers for special reserve, we have the hard bread in 8-ounce tins, and we have the soluble coffee. We have stopped the production of those items. All the other items we continue to procure.

The CHAIRMAN. The question of how much money you are going to require for the balance of the fiscal year is dependent, I presume, on the strength of the Army that will be maintained from month to month during the balance of the year?

Col. ADAMS. Yes, sir.

The CHAIRMAN. What have you estimated as the amount that you will need for the balance of the year and on what basis have you made the estimate?

Col. ADAMS. We have made up a new estimate on the figures furnished us by Gen. Lord's office. Then from that total we have deducted the value of the stores in the United States on hand, the value of the stores on hand overseas, and the value of outstanding contracts. Deducting that from the total leaves us a net balance of \$128,664,000.

The CHAIRMAN. As the amount of expenditure you will have to make?

Col. ADAMS. Actually needed.

AMOUNT TO BE TURNED BACK INTO THE TREASURY.

The CHAIRMAN. That leaves you a balance of money not needed and which can be turned into the Treasury of how much? According to your table, \$623,167,408.43 from the larger appropriation, and \$5,090,802.36 from the smaller appropriation?

Col. ADAMS. Those figures we have not got, Mr. Chairman. Col. Wolfe has those figures. We have the figures of our requirement for the balance of the fiscal year.

The CHAIRMAN. Your requirement shown here is \$125,840,704.35 plus \$2,423,716.62.

Mr. BAKER. \$128,664,000.

The CHAIRMAN. A difference of \$400,000?

Mr. BAKER. There may be some minor changes which they have made or we have made.

Col. WOLFE. \$128,264,420.97 agrees with the figures in Gen. Wood's letter.

Mr. BAKER. Either theirs or ours may not be correct.

Col. WOLFE. I think Gen. Wood wishes to stand on the figures in his letter.

Mr. BAKER. We have no objection.

NOTE.—The figures in the summary were altered in Gen. Lord's office. These changes were not furnished the subsistence division; hence the discrepancy in the amount shown in the table, and the figures as submitted by the subsistence division. The records of this division have been changed to agree with Gen. Lord's figures.

The CHAIRMAN. Your existing contracts, if carried out, would make make provision for supplies for what period of time? In other words, how far do you buy ahead? What is the practice?

Mr. BAKER. On some articles we bought for a year, some lines of goods. For instance, salmon, tomatoes, and canned fruits we bought the supplies for 12 months.

The CHAIRMAN. In those case have you, by virtue of purchases for the Army, considerably in excess of what it will now need; have you oversupplied yourselves?

Mr. BAKER. We have a surplus in some lines of goods.

The CHAIRMAN. What are you proposing?

Mr. BAKER. Where we can, we are terminating the contracts. Where we can not, we have a surplus stock and that we are offering to the allies.

The CHAIRMAN. To what extent have you a surplus stock in money value?

Mr. BAKER. We have not that figure.

The CHAIRMAN. Approximately?

Mr. BAKER. We can not say offhand.

SURPLUS ARTICLES.

The CHAIRMAN. In what articles have you a surplus?

Mr. BAKER. In canned tomatoes, corn, peas, salmon, soup, baked beans, and canned milk, all readily salable articles.

The CHAIRMAN. Why was it necessary to buy a year in advance?

Mr. BAKER. Because if we did not buy for a year we could not fill the requirements given us.

The CHAIRMAN. You bought on what basis, an Army of what strength?

Col. ADAMS. We figured on Gen. Pershing's requirements overseas and our average consumption in the United States for that period.

OUTSTANDING CONTRACTS.

The CHAIRMAN. What is the total of your outstanding contracts at this time?

Col. ADAMS. \$64,097,691.87.

The CHAIRMAN. To what extent do you expect to relieve the Government of those contracts, if at all?

Col. ADAMS. We have not the money value of the emergency ration, the hard bread, the soluble coffee, the special reserve containers and we will not be able to get it until we hear from the supply officers. Those are the items which have been cut off, and which we are arranging to terminate.

The CHAIRMAN. Why should you not also undertake to terminate your contracts for the canned goods?

Mr. BAKER. Because we ordered the people to manufacture those goods and to hold them for the Army, and it is not proper or fair, after they have manufactured the goods for us, that we should tell them now that we do not want them.

The CHAIRMAN. Why not, in view of the fact that they are salable and they are infinitely better able to merchandise them than the Government?

Mr. BAKER. Where we have not issued purchase orders, we propose to have them sell the goods, and if they meet any loss we propose to make good that difference.

DISPOSITION OF GOODS TO ALLIES.

The CHAIRMAN. You said that you expected to dispose of some of them to the allies?

Mr. BAKER. Yes, sir; and to this new organization that Mr. Hoover is interested in, the civilian relief. We have already disposed of about 600,000 cases of canned salmon to the allies from our original purchase.

The CHAIRMAN. At what cost?

Mr. BAKER. We sold them at cost, no loss at all. We expect to get cost or very close to cost for all of these goods. On some items we will not get cost. We will not get cost for canned tomatoes.

The CHAIRMAN. You do not think that you can get the canners to accept them?

Mr. BAKER. Take them off our hands at cost?

The CHAIRMAN. Yes, sir.

Mr. BAKER. No, sir.

The CHAIRMAN. Why?

Mr. BAKER. They said they would not do it; they could not do it.

The CHAIRMAN. There is certainly a market in America for canned tomatoes?

Mr. BAKER. Yes. They made a very large pack surplus, thinking the Army would need it.

The CHAIRMAN. On the other hand, will there not be difficulty in their taking care of the civilian demand in the future on account of not simply the matter of tomatoes, but the matter of canning?

Mr. BAKER. Not that particular item; no, sir. The market on tomatoes will probably be lower, but that is probably the only item which we have which will be lower. The losses that will be made, if any, will be very small.

The CHAIRMAN. You are not in a position to advise the committee as to the extent of overpurchases you have?

Mr. BAKER. We know what overpurchases we have; yes, sir.

The CHAIRMAN. Do you know the amount of them?

Mr. BAKER. We can figure the amount in dollars and cents; yes, sir.

The CHAIRMAN. I wish you would put that into the record, grouping it in the major classes of articles?

Mr. BAKER. Yes, sir.

The CHAIRMAN. Can you give the committee now an approximate figure?

Mr. BAKER. No, sir.

NOTE.—Statement showing the money value of surplus food articles is furnished below.

Article.	Number of cases.	Price per case.	Value.
Tomatoes.....	2,000,000	\$3.80	\$7,600,000
Corn.....	1,400,000	3.10	4,340,000
Peas.....	1,000,000	2.80	2,800,000
String beans.....	200,000	3.40	680,000
Salmon.....	1,000,000	8.00	8,000,000
Total.....			23,420,000

JAMES R. BAKER,
In Charge Subsistence Division.

By J. H. ADAMS,
Lieutenant Colonel, Quartermaster Corps, Administrative Officer.

The CHAIRMAN. The total of your contract outstanding obligations is \$67,000,000?

Mr. BAKER. About \$64,000,000.

The CHAIRMAN. By that do you mean all the obligations of the Government in connection with subsistence?

Col. ADAMS. No; the hard bread and those few items are being terminated. The production on that has ceased.

The CHAIRMAN. But exclusive of those articles, all of your contractual obligations amount to \$64,000,000?

Col. ADAMS. Yes, sir.

The CHAIRMAN. They cover deliveries running through the year?

Col. ADAMS. On a few things purchases are made during the canning season, when they can be purchased to the best advantage.

Mr. BAKER. The deliveries are not strung throughout the year, they are all made at one time, probably all made within a month. It is a seasonable article and we have to buy the requirements called for at one time or we can not buy it at all.

The CHAIRMAN. Does this \$64,000,000 represent contracts for canned goods practically?

Mr. BAKER. Practically canned goods; yes, sir.

The CHAIRMAN. The other articles that go to make up the subsistence of the Army are bought from week to week?

Mr. BAKER. Practically bought from month to month, sir. Some few items we have to buy the yearly requirement at one time.

STORES ON HAND.

The CHAIRMAN. What is the amount of stores on hand?

Col. ADAMS. In the United States, sir?

The CHAIRMAN. Here and abroad. If I understand the table there seems to be in the United States \$45,236,493.11, as of what date?

Col. ADAMS. December 1; yes, sir.

The CHAIRMAN. And then the stores on hand overseas, \$63,-061,588.83?

Col. ADAMS. Yes, sir.

The CHAIRMAN. And your outstanding contracts amount to \$64,097,691.07.

Col. ADAMS. Yes, sir.

The CHAIRMAN. Evidently these outstanding contracts are for articles undelivered?

Col. ADAMS. Yes, sir.

The CHAIRMAN. The total of those three items makes \$172,-395,773.01?

Col. ADAMS. Yes, sir.

The CHAIRMAN. You have estimated your subsistence cost at \$294,962,681.67 for the balance of the year?

Col. ADAMS. Yes, sir; we have \$295,000,000 here. There is some discrepancy in the figures which may be due to some changes made in Col. Wolfe's office.

Col. WOLFE. These are Gen. Wood's figures.

Col. ADAMS. It was not submitted that way by our division.

[NOTE.—The figures in the summary were altered in Gen. Lord's office. These changes were not furnished the Subsistence Division, hence the discrepancy in the amount shown in the table, and the figures as submitted by the Subsistence Division. The records of this division have been changed to agree with Gen. Lord's figures.]

The CHAIRMAN. That part of regular supplies which goes to make up subsistence would amount to \$5,697,512.31 making the total requirement for the Army \$300,660,193.98, and by taking from that sum \$172,395,773.01 stores on hand here or abroad and outstanding contracts that gives you the net requirement?

Mr. BAKER. Yes, sir.

The CHAIRMAN. In other words, what you need to purchase for the Army, which is \$128,264,420.97?

Mr. BAKER. Yes, sir; up to July 1.

Col. ADAMS. In connection with that, the value of stores in the United States, the value of stores overseas, and the value of outstanding contracts—we were called on to furnish that information—and now there are a lot of outstanding contracts which have not been paid, and the Government is obligated to that extent.

The CHAIRMAN. Yes. You are counting it in as a necessary expenditure?

Col. ADAMS. We have to have that money because those bills have to be met.

The CHAIRMAN. I understand. The thing that seems to strike me as a factor in your equation and which may raise some question is that to the extent that your stores on hand, here or abroad, or your outstanding contracts for stores, which can not be consumed in the year, to that extent they can not be treated as an asset in your balance sheet as what you have and therefore what you did not need to procure.

Are you figuring on buying foodstuffs at the existing prices?

Mr. BAKER. We do not think foodstuffs will change in value because there is such a demand from Europe and we think present prices will practically be maintained.

The CHAIRMAN. And therefore in making this calculation of the money you needed to carry you through the year, you are figuring on existing prices?

Mr. BAKER. Yes, sir; just about. There may be some few articles that will go up or down, but we think it will be about the present value.

Col. ADAMS. We have taken the present price of the ration and added 10 per cent.

The CHAIRMAN. And the only change that has been made in the ration is a change resulting from the elimination of the emergency ration?

Col. ADAMS. Yes, sir; and special reserve rations and soluble coffee and hard bread.

Col. WOLFE. And it is also a fact, is it not, that the value of the ration in the West is about 18 cents less than the value of the ration overseas?

Mr. BAKER. The United States ration is 53 cents and on the other side it is 68 cents.

NUMBER OF TROOPS IN AMERICA AND OVERSEAS.

The CHAIRMAN. In arriving at this quantity which you consider necessary, you have used a weighted average of the number of troops that will be overseas and in America for the eight months?

Col. ADAMS. Those are figures given us by Gen. Lord's office.

The CHAIRMAN. Col. Wolfe, there ought to be in the record at this point a statement as to the number of troops.

Col. WOLFE. Yes; I will insert that (see below).

The CHAIRMAN. And, Colonel, I understand in making this revised statement as to the number of troops you will have from month to month, here and abroad, you have followed the suggestion I made, that instead of taking your weighted average for 12 months, you should use the actual figures for the months that have gone by.

Col. WOLFE. Yes, sir.

The CHAIRMAN. And to make your weighted average for the eight months that necessarily had to be a matter of judgment rather than of ascertained fact?

Col. WOLFE. Yes, sir.

The CHAIRMAN. What resulted from that change?

Col. WOLFE. A saving of about \$200,000,000.

The CHAIRMAN. In what items?

Col. WOLFE. In the item of pay of the Army.

The CHAIRMAN. Presumably it also makes a marked change in the item of subsistence, which is necessarily predicated on it.

Col. WOLFE. Yes; but I had not given the Subsistence Department the other figures.

The CHAIRMAN. What was the difference you arrived at in the weighted average between the old computation and the new one?

Col. WOLFE. On the old computation the weighted average was about 70 per cent of what the original Army requirements were, and under your plan the percentage was reduced to about 60 per cent, a difference of 10 per cent.

The CHAIRMAN. You are now figuring on an average number for the entire year of 2,264,288?

Col. WOLFE. Yes; a weighted average of 2,264,288 for the entire year.

The CHAIRMAN. What do you figure, if you have it figured, as to the average for the eight months?

Col. WOLFE. That has not been computed separately, as it was unnecessary.

METHOD OF BUYING FOR REMAINING MONTHS.

The CHAIRMAN. What will be the policy of the Subsistence Department touching the method of buying for the remaining months and for the reserve that will be kept on hand?

Mr. BAKER. The policy would be to be very conservative, and on reserves to carry practically nothing and just do business from hand to mouth to keep our stocks right down to a minimum.

The CHAIRMAN. How are you going to buy?

Mr. BAKER. We are going to buy from month to month on actual calls.

The CHAIRMAN. Are you going to buy on competitive bidding or are you going to buy as you bought in the past, which in large measure was by determination of price and allotment of orders?

Mr. BAKER. We intend to buy, if our superior officers will allow us, on a competitive basis.

The CHAIRMAN. Has anybody indicated a desire to prevent you from buying in that way?

Mr. BAKER. No; but the Food Administration might not like it, but we expect to paddle our own canoe from now on and buy goods in the open market on a competitive basis.

The CHAIRMAN. Do you contemplate any saving by virtue of that method?

Mr. BAKER. We think so; yes, sir.

The CHAIRMAN. But you have not figured that saving in estimating this probable expenditure?

Mr. BAKER. No, sir. We have made some very large savings by buying in the competitive market in the last 60 days, by anticipating our wants.

The CHAIRMAN. Have you undertaken to ascertain whether the Navy would have need for any of the stocks of which you either have a surplus or have contracted for a surplus?

Mr. BAKER. The Navy are in the same position we are, where we have a surplus stock of a specific ration, they have the same surplus in a smaller degree.

The CHAIRMAN. Of the same article?

Mr. BAKER. Yes, sir. The goods that were reserved for us, were also, in the same percentage, reserved for them, but of course our purchases are about eight or ten times as much as theirs.

The CHAIRMAN. They did not follow, however, quite your system of buying. They bought more or less under competitive bidding and letting of contracts, did they not?

Col. ADAMS. Mr. Chairman, we have a number of items handled through the Food Administration. Those are purchased and the prices are fixed by the Federal Trade Commission. All the other items that the Food Administration has no dealing with are purchased by competitive bidding.

The CHAIRMAN. So that where you did not purchase by competition, the navy did not either? Is that what you want us to understand?

Col. ADAMS. Yes, sir; the items they procured through the Food Administration were purchased in the same way we purchased ours

The CHAIRMAN. And the probability, therefore, is that the same need which required the purchases for a year's supply has resulted in overstocking them as it has you?

Mr. BAKER. Absolutely, except in a very much smaller degree.

CHANGE IN RATIONS.

The CHAIRMAN. I understand that. Has there been any change made in the ration to be furnished over what was furnished during the war?

Col. ADAMS. Not in the United States.

The CHAIRMAN. Has there been any change in the ration overseas except the elimination of the emergency ration?

Col. ADAMS. Gen. Pershing has added candy and tobacco to the ration.

The CHAIRMAN. In regard to meats, such as pork products, have you purchased in quantities in excess of your needs?

Mr. BAKER. No, sir; none at all.

The CHAIRMAN. That has been limited practically to canned goods?

Mr. BAKER. No, sir; canned goods and fresh meat. We purchase very largely fresh beef every month.

Col. ADAMS. But we have not any surplus.

The CHAIRMAN. I say, your surplus has been limited practically to canned goods?

Mr. BAKER. Yes, sir; I thought you said canned meats.

The CHAIRMAN. And touching meats, you buy from month to month, so that you have no such accumulated surplus which will not be used?

Mr. BAKER. That is correct, sir.

CHANGE IN METHOD OF PROCURING SUPPLIES OVERSEAS.

The CHAIRMAN. Has any change taken place or is any practicable touching the procurement of supplies overseas now rather than here?

Col. ADAMS. Considerable, but we do not know just to what extent. They have purchasing agents through all those countries picking up whatever they can. They have also installed plants to bake hard bread and they have installed plants to put up baked beans, and they roast and grind their own coffee and it is shipped over there green. They have also started the manufacture of candy over there.

The CHAIRMAN. Are you proceeding to run those plants now?

Col. ADAMS. Of course, that has all died down to some extent.

The CHAIRMAN. Do you know what is going to be the policy touching those activities?

Col. ADAMS. No doubt they will continue to produce as much as they can while they have troops there, but just to what extent we are not in position to say.

The CHAIRMAN. You are not providing any additional facilities over there, are you?

Mr. BAKER. No, sir; nothing new at all of any kind.

CANCELLATION OF CONTRACTS.

The CHAIRMAN. To what extent have you ascertained from the canners how far they would be willing, if at all, to relieve the Government of these contracts that will produce this surplus of food-stuffs?

Mr. BAKER. We have heard from a small percentage of them that they are willing to cancel their contracts, but most of them insist upon our coming through.

The CHAIRMAN. What effort has been made to get them to change their minds?

Mr. BAKER. Our zone supply officers have been requested to terminate these contracts. Of course, we can not come in contact personally with them, Mr. Chairman.

The CHAIRMAN. I understand that. What clauses did you have touching cancellation in your contracts?

Mr. BAKER. I do not believe we had any clause at all touching cancellation. Did we have any such clause at all, Col. Adams?

Col. ADAMS. No, sir.

The CHAIRMAN. Will these goods be usable beyond the fiscal year, or will they deteriorate with age?

Mr. BAKER. No, sir; not within three or four or five years if they are properly stored.

Col. ADAMS. You understand, Mr. Chairman, that these items we are long on are items handled through the Food Administration and therefore no contracts have been made. But, of course, a year ago we arranged to have different canners hold a certain percentage of their products for the Army, and take, for instance, tomatoes, the crop was much heavier than the previous year and we were obligated to take that percentage.

SURPLUS STOCK MERCHANDIZABLE.

Mr. BAKER. Mr. Chairman, our surplus stock of goods in dollars and cents is very small. We can call it practically nothing. It runs into very few millions of dollars.

The CHAIRMAN. That is what I asked you a while ago, and you did not know.

Mr. BAKER. I am going to get you the exact figures in the morning, but I will tell you now that in dollars and cents approximately it is a small amount, and all this surplus we have is something we can sell.

The CHAIRMAN. So that you have practically no problem in connection with subsistence?

Mr. BAKER. Practically nothing at all, sir. Everything we have is merchandizable, and nearly everything is something we need. There are some few goods we have like, canned salmon, and the allies want to buy it all from us. We have released a large surplus of prunes and peaches and the domestic trade took the entire release promptly. The only problem we have staring us in the face is this possible surplus of a few canned vegetables. I will give you tomorrow morning the amount, with the value of that surplus in dollars and cents, but it is a small matter.

PROVISIONING POPULATIONS UNDER DOMINATION OF THE CENTRAL EMPIRES.

The CHAIRMAN. There has just been handed me a memorandum of arrangements with regard to provisioning the populations which are now or have been under the domination of the central empires. General, suppose you tell us just what is involved in this.

Gen. LORD. There was a presidential order, copy of which we have received, coming through the Food Administration, for procuring 120,000 tons of flour and an almost equal value of pork products, 20,000 tons, the flour amounting to \$13,080,000, and the pork products to \$10,400,000. Provision was made for its resale. The flour and the pork products were bought through the Food Administration and shipped to the chief quartermaster in France. The instructions were that they should be sold and that the quartermaster appropriation should be reimbursed.

The CHAIRMAN. Will you place in the record the Executive order under which this action was taken?

Gen. LORD. Yes.

12 NOVEMBER, 1918.

MEMORANDUM OF ARRANGEMENTS WITH REGARD TO PROVISIONING THE POPULATIONS WHICH ARE NOW OR HAVE BEEN UNDER THE DOMINATION OF THE CENTRAL EMPIRES.

1. Mr. Hoover, as United States Food Administrator, will proceed at once to Europe to determine what action is required from the United States and what extensions of the Food Administration organization or otherwise are necessary in order to carry out the work of the participation of the United States Government in this matter, and to take such steps as are necessary in temporary relief.

2. In order to expedite the movement of foodstuffs towards Europe, the War Department will undertake to purchase in the usual coordination through the Food Administration during the next twenty days, 120,000 tons of flour and from 30,000,000 to 40,000,000 pounds of pork products. These foodstuffs to be shipped by the diversion of Army tonnage at the earliest possible moment that the Shipping Board arranges and to be consigned to French ports for reconsignment or storage.

3. These foodstuffs and any other suitable surplus supplies of the Quartermaster in Europe to be made available for distribution at Mr. Hoover's direction, it being understood that if it proved infeasible to reship or redirect the steamers to the territories lately held by the central empires, Mr. Hoover will make arrangements for the resale of the foodstuffs to the allied Governments, or, alternatively, to the Belgian relief.

4. In order to facilitate administration in Washington, Mr. Hoover will set up a preliminary committee to assist the Food Administration, comprising: Mr. Theodore Whitmarsh, of the Food Administration, who will act as chairman in Mr. Hoover's absence; Mr. F. S. Snyder, of the meat division of the Food Administration; Mr. Julius H. Barnes, of the cereal division of the Food Administration; Gen. R. E. Wood, Quartermaster General, representing the War Department; Mr. John Beaver White, representing the War Trade Board; Mr. Prentiss N. Gray, representing the Shipping Board. These gentlemen to take in hand the general directions of these operations through the various Government agencies concerned.

5. The War Department is to purchase, inspect, pay for, load and ship these foodstuffs in the usual manner of transmission of quartermaster's supplies and upon transfer from the Quartermaster's Department in Europe they are to be paid for by the buyer.

6. The American representatives in Europe are to be at once instructed by cable that the whole of the matter of the American food supplies and the establishment of a more permanent organization are to be settled by Mr. Hoover on his arrival in Europe and that the United States will take no participation in any arrangements made pending that time.

Approved.

WOODROW WILSON

[Copy.]

The CHAIRMAN. Heretofore have any of the moneys available for subsistence of the Army been used in the procurement of supplies for civilian relief abroad?

Gen. LORD. Not to my knowledge.

Mr. BAKER. No, sir.

The CHAIRMAN. And those supplies have come through other agencies?

Gen. LORD. Yes; as far as we know. None has come to the knowledge of the Finance Division except this subsistence.

The CHAIRMAN. So you are now being directed to expend something like \$24,000,000?

Gen. LORD. It has already been ordered and paid, Mr. Sherley.

The CHAIRMAN. The approximate amount was \$24,000,000 for the purchase of flour and pork products, with instructions to the Quartermaster of the Army abroad to sell it for civilian use?

Gen. LORD. The instructions were that these supplies were to be sold and that the Quartermaster Corps appropriations were to be reimbursed, so they were shipped to the chief quartermaster in France for the necessary handling of the matter.

The CHAIRMAN. Are they to be sold at cost?

Gen. LORD. Yes.

The CHAIRMAN. Does that include the handling and distribution?

Gen. LORD. Not ordinarily. The sales to civilians under ordinary conditions would require 10 per cent additional, but these are to be sold at cost, as I understand it.

The CHAIRMAN. There will be charged then to the Quartermaster Department the expense incident to the procurement and distribution of them?

Gen. LORD. Yes, sir.

The CHAIRMAN. And presumably moneys received from the sale for the cost price of them?

Gen. LORD. Yes, sir.

The CHAIRMAN. Was that taken into consideration in connection with this statement as to the need for the subsistence?

Gen. LORD. That I do not know. I received a copy of the order and took the necessary steps to see how it was to be billed. I found it was to be shipped across like all other supplies to the chief quartermaster, and authorized the payment under those conditions.

The CHAIRMAN. What I had in mind was this. Here is \$24,000,000 that will come back to your fund and be available for subsistence.

Gen. LORD. Yes; and under that new act providing for the sale of supplies, if purchased since April 6, the proceeds will return to the credit of the appropriation for subsistence.

The CHAIRMAN. That is why I asked the question whether in your estimate of the value of goods necessary to feed the Army for the eight months from November 1 there had been included this \$24,000,000 of expense.

Col. ADAMS. Yes, sir; it is included.

Col. WOLFE. I think you will have different meanings in regard to its being included. For instance, your total for flour is \$13,080,000 and your total estimate for pork is \$10,400,000, and manifestly that can not include the items you have just mentioned.

Gen. LORD. Col. Wolfe, the amounts you name are the amounts that were authorized to be paid.

The CHAIRMAN. Then evidently they have been segregated from the ordinary subsistence cost of the Army, because they were not intended directly for the Army, and so have been included in this statement.

Gen. LORD. They should be included as a matter of actual disbursement.

The CHAIRMAN. And unless the receipts from these sales were covered into the Treasury, that would give you a leeway of twenty-three-odd million dollars?

Gen. LORD. Yes.

The CHAIRMAN. Under what authority of law did you consider that funds for subsistence of the Army were available for this purpose?

Gen. LORD. Under an enactment of law providing for the sale of surplus war supplies enacted since April 6.

Mr. VARE. I should like to inquire whether or not there was a statement made at our previous hearing as to the fact that there was a cancellation clause in all contracts?

Gen. LORD. All contracts do not have a cancellation clause.

Mr. VARE. There is no cancellation clause in the contract for canned goods?

Mr. BAKER. Not on many articles. There was not in the contracts made through the Food Administration.

WEDNESDAY, DECEMBER 18, 1918.

**STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE
OF THE QUARTERMASTER CORPS, MR. G. W. NOLD, OFFICE
DIRECTOR OF PURCHASE, STORAGE AND TRAFFIC.**

REGULAR SUPPLIES—FUEL.

The CHAIRMAN. Under regular supplies, there has been allotted out of the appropriation for fuel \$105,188,584, and the table shows that there have been disbursements made, or obligations incurred, amounting to \$19,832,058.69, which would leave a balance available of \$85,356,525.31, and there is an estimate of cash needs of \$22,136,865.69, with an estimated free balance, which could be covered into the Treasury, of \$63,219,659.71. How much of the \$19,000,000 represents actual disbursements and how much represents obligations, do you know?

Mr. NOLD. I could not tell you how much, but I should say the greater part of it represents actual disbursements.

The CHAIRMAN. I suppose in this character of commodity, anyway, that whatever they obligated, in view of the fact that you want to spend some \$22,000,000 more, you would actually carry out. In other words, you will not undertake to cancel obligations?

Mr. NOLD. No, sir.

The CHAIRMAN. On what basis have you estimated your expenditure of \$22,136,865 for the balance of the fiscal year?

Mr. NOLD. The first four items. Those requirements were based on a per capita requirement as shown on this second sheet—I do not know whether you have this sheet or not—and on the weighted average number of men in the United States and overseas for the remainder of this fiscal year.

The CHAIRMAN. What weighted average are you using?

Mr. NOLD. 812,500 men for the United States and 1,045,000 overseas.

The CHAIRMAN. What had been your estimate for these remaining seven months before the armistice was signed? Do you recall how much you have reduced it?

Mr. NOLD. The reduction in the estimate would be—

The CHAIRMAN (interposing). The difference, if the original allotment was a true one, but I suspect it was an excessive one, as in most instances. Do you make your estimates on a per capita basis?

Mr. NOLD. On a per capita basis as to quantity; yes, sir.

The CHAIRMAN. What do you figure the per capita for coal?

Mr. NOLD. We have 2.331 tons per man per year.

The CHAIRMAN. Are these prices on the basis of what you are now paying?

Mr. NOLD. Yes, sir; they are.

The CHAIRMAN. How have you bought coal?

Mr. NOLD. We have bought most of it f. o. b. mines, at the prices fixed by the Government; that is, in the United States.

The CHAIRMAN. How are you going to do it in the future?

Mr. NOLD. I suppose we will go back to the old system of advertising for bids and making contracts as soon as the Fuel Administration gets done handling the matter.

The CHAIRMAN. To what extent have you contracted for your future needs?

Mr. NOLD. We have not contracted for anything on coal.

The CHAIRMAN. Have you on wood, coke, or charcoal?

Mr. NOLD. We have on wood; we buy that by contract largely, but not on coke or charcoal. We do not use charcoal in the United States and coke is allocated by the Fuel Administration the same as coal. I would like to call your attention to the first item of coal. This estimate was figured in the Requirements Division and they got the price too low, \$4.25 a ton. That price of \$4.25 a ton is our average in the United States, but they have used the same price to cover the United States and overseas both. The overseas coal will cost, according to our figures, \$9.14 a ton.

The CHAIRMAN. What difference does that make in your estimate of expenditure for the balance of the year?

Mr. NOLD. That would increase it about \$11,000,000; that is, on the item of coal. You can not buy coal for \$4.25 a ton in France.

The CHAIRMAN. I understand you can not, but I was wondering just how you were figuring your average over there?

Mr. NOLD. I have the quantities here for the United States and the quantities for overseas separate.

The CHAIRMAN. I am not sure that the per capita basis will work out for overseas.

Mr. NOLD. We have not any figures as to what they have actually used, but we have figures showing what they expected to use.

The CHAIRMAN. Do you know what they have used over there in any one month?

Mr. NOLD. No; I do not know how much they have used.

The CHAIRMAN. Did you mean by your statement a few moments ago, as to the mistake made in the cost per ton, to change the estimate of the amount that can be covered in?

Mr. NOLD. Yes, sir; that will certainly change the figures entirely. The CHAIRMAN. What do you consider you need for the balance of the year?

Mr. NOLD. That would be \$26,903,380.19.

The CHAIRMAN. Leaving a net balance of how much?

Mr. NOLD. \$11,216,349.69.

Mr. MONDELL. Do you buy your coal for use overseas abroad, or do you buy it here and transport it?

Mr. NOLD. It is bought in England largely, and shipped to France.

Mr. MONDELL. Do you buy it in England?

Mr. NOLD. No, sir; we do not have anything to do with it here.

Mr. MONDELL. Where do you buy it and pay for it—in France, after the transportation charges have been paid, or do you buy it at the mine price and some one else pay the transportation charges?

Mr. NOLD. I could not say who pays the transportation charges.

Mr. MONDELL. If you do not know that, then you do not know whether your price is \$4.25 or \$9.14, because coal is not \$9 or \$9.14, whichever price you stated, in England. I do not know what it is, but I assume it is no such price as that. You skoke of a delivered price in France. That, of course, would be based on the theory that you bought coal delivered in France at what it cost; but if you bought it somewhere else and paid the transportation charges out of this fund, it would make the coal cost you that much when you got it in France. What is the fact?

Mr. NOLD. I presume that is what it costs delivered in France. We were advised by the chief quartermaster of the American Expeditionary Forces that the coal cost \$9.14 a ton.

Mr. MONDELL. But does it cost this appropriation that much? That means, of course, the price at the mine in England or America and the transportation charges to France. Now, whether it costs this appropriation the sum that you have named or not depends upon whether you buy it in France with the transportation paid or whether you buy it somewhere else and some other item bears the transportation charges.

Mr. NOLD. I can not say definitely about that, but I think that is the cost of the coal. I believe it costs from \$8 to \$10 a ton f. o. b. England.

Mr. MONDELL. In France?

Mr. NOLD. In England. If they buy it in England and pay nine or ten dollars a ton, they will pay the transportation charges in addition out of another appropriation.

Mr. MONDELL. Your understanding is that \$9.14 is the English price?

Mr. NOLD. No; I did not understand that that was exactly the English price, but I understood that was the average cost of coal in France.

Mr. MONDELL. That may be, and yet it may not be that this particular appropriation pays \$9.14 a ton for coal in France.

Mr. NOLD. We asked the chief quartermaster over in France to tell what the cost of coal is, and when he tells us \$9.14 a ton, we assume he knows that we want the cost of the coal and not the cost of transportation, and that is what we assumed that was.

Mr. MONDELL. Does this appropriation bear any transportation charges at all?

Mr. NOLD. Not this item, no, sir; that is, unless it is bought delivered.

Mr. MONDELL. The price you have given is the seaboard price or the price where the coal is delivered to the Government by the operator.

Mr. NOLD. I presume so. You mean this price for the United States?

Mr. MONDELL. Yes.

Mr. NOLD. \$4.25.

Mr. MONDELL. Yes.

Mr. NOLD. That is the price f. o. b. mines.

Mr. MONDELL. So far as American coal is concerned, then, you are assessing against this item no charge except the mine price.

Mr. NOLD. That is correct.

Mr. MONDELL. You say the foreign coal comes from England and that you understand the English mine price to be \$9.14 a ton?

Mr. NOLD. We did not go into that.

Mr. MONDELL. I do not see how you can possibly estimate how much money you are going to spend unless you did go into it and unless you know what the coal costs this appropriation.

NOTE.

Received in code room A. G. O.

Received in communications branch Adm. Div., October 23, 1918.

From: H., A. E. F.

To: The Adjutant General, Washington.

Cable No.: S. O. S. 305. Paragraph No. 1. Sent October 17, 1918.

For purchase:

Paragraph 1. Reference X 148, paragraph 4-A, General Orders 117, covers allowances coal and wood, not No. 417. Copy of orders being sent by courier. Average cost of coal September was 36 shillings 7 pence per ton f. o. b. vessel England. Estimated consumption kerosene total per man per month, April 1 to October 1, $\frac{1}{8}$ gallon; October 1 to April 1, $\frac{1}{4}$ gallon; for lighting purposes only. April 1 to October 1, $\frac{1}{16}$ gallon. October 1 to April 1, $\frac{1}{8}$ gallon.

HARBORD.

Office of the Quartermaster General, Washington, D. C., October 24, 1918.

In reply refer to 463. 7-37 (A. -C.).

Copies to: Fuel and Forage Division. Report to Operating Division in 12 hours.

The CHAIRMAN. Assuming that you have to pay just twice for the coal over there that you do here, you estimate that instead of being able to return \$63,000,000 to the Treasury you can return \$52,000,000 in round figures?

Mr. NOLD. Yes, sir.

KEROSENE AND GASOLINE.

The CHAIRMAN. In connection with mineral oil, there has been appropriated \$615,200, of which you seem to have spent or obligated \$420,577.70, leaving a balance of \$194,622.30, and that your needs for the balance of the fiscal year will be \$547,211.42, or creating a deficiency of \$352,580.12.

Mr. NOLD. Yes, sir.

The CHAIRMAN. What do you mean by mineral oil?

Mr. NOLD. That is just a name given to oil used for lighting purposes.

The CHAIRMAN. Kerosene?

Mr. NOLD. The proper name is kerosene, yes.

The CHAIRMAN. Are you using the same weighted average?

Mr. NOLD. Yes, sir.

The CHAIRMAN. How much do you figure per man?

Mr. NOLD. 0.042 of a gallon per man per year in the United States and overseas.

The CHAIRMAN. Are you consuming that amount of kerosene?

Mr. NOLD. Yes, sir. This is based—

The CHAIRMAN (interposing). I know it is based on the tables, but have you actually been using that much?

Mr. NOLD. I do not know. That figure was based on reports of purchases under that item, and it may be that some of the purchases were used for some other purpose and erroneously charged to this item.

The CHAIRMAN. You have for automobiles, motor trucks, etc., \$171,630,500, of which you have spent \$13,042,736.40, leaving a Treasury balance of \$158,587,763.60, and you have estimated an additional cash need of \$18,569,380.54, leaving, according to your statement, a balance that can be covered into the Treasury of \$140,018,383.06. Do you agree with those figures?

Mr. NOLD. Yes, sir.

The CHAIRMAN. On what do you predicate this?

Mr. NOLD. That is also based on the per capita requirement for gasoline and lubricating oils; that is, based on the purchase of those items.

The CHAIRMAN. You do not base gasoline on a per capita basis, do you?

Mr. NOLD. We have in this estimate; yes.

The CHAIRMAN. Why do you not base it upon cars, trucks, etc.?

Mr. NOLD. As I said, this estimate was made up in the Requirements Division, and I can not say why they made it this way instead of the other way.

The CHAIRMAN. What is the basis on which you have made this estimate for gasoline?

Mr. NOLD. Well, gasoline for automobiles is 0.7175 of a gallon per man per year for the United States and the same for overseas.

There are several other items, including lubricating oil.

The CHAIRMAN. It is all figured on the per capita basis?

Mr. NOLD. Yes, sir.

The CHAIRMAN. Do you know why?

Mr. NOLD. No, sir.

The CHAIRMAN. Do you know anybody who does know why?

Mr. NOLD. No, sir. The officer who figured up these things is now out of the service.

The CHAIRMAN. Will you furnish for the record, Gen. Lord, a statement showing the basis on which this estimate is made and showing why it is made on the per capita basis instead of upon the machine basis?

Gen. LORD. I will do so.

WAR DEPARTMENT,
PURCHASE, STORAGE AND TRAFFIC DIVISION,
Washington, December 24, 1918.

From: Raw Materials Division, office of director of purchase.

To: The director of finance, Gen. Lord.

Subject: Information in regard to 1919 appropriations.

1. In accordance with your request, there is submitted herewith revised estimate of requirements of gasoline and oils for the period from December 1, 1918, to June 30, 1919, computed on a machine basis, also statement showing the basis on which the consumption is arrived at.

2. The following information is furnished as to stocks on hand (as of November 9):

United States.

Item 47:

Gasoline for automobiles, 346,752 gallons, at 24 cents. \$83,220.88
 Lubricants for automobiles, 230,710 gallons, at 44 cents. 101,512.40

Item 48:

Gasoline for aeroplanes, 154,316 gallons, at 33 cents. 50,924.28
 Lubricants for aeroplanes, 29,871 gallons, at 49 cents. 14,636.79

Overseas.

Item 47:

Gasoline for automobiles, 3,829,200 gallons, at 24 cents. 919,008.00
 Lubricants, 1,157,000 gallons, at 44 cents. 509,080.00

Item 48: Gasoline for aeroplanes, 795,400 gallons, at 33 cents. 262,482.00

NOTE.—As an offset to the gasoline for autos on hand overseas, it is stated that the A. E. F. is indebted to France for the loan of 4,600,000 gallons.

Reference lubricants in stock overseas, report does not show what proportion is aviation and what for automobiles, so all has been included as lubricants for automobiles.

3. The following shows the amount of savings on current contracts by reason of termination, cancellation, or reduction, since the signing of the armistice:

Item 47: Gasoline for automobiles, etc. \$406,088.59
 Item 48: Gasoline for aeroplanes, etc. 157,064.45

4. With reference to the questions asked relative to the hearings, the following is submitted:

Q. 1. Get the consumption of oils both on the basis of allowances and actual consumption.

A. Gasoline and oils are not issued on the allowance basis, but on the basis of what is actually required. The revised estimate has been computed, not on an allowance basis, but on an estimated consumption basis. The actual consumption (or rather actual receipts) from July 1 to date is as follows:

	United States.	Overseas.	Total.
Gasoline for automobiles. gallons..	17,201,426	24,908,185	42,109,611
Lubricants for automobiles. do.	816,718	708,915	1,525,793
Gasoline for aeroplanes. gallons..	596,704	191,606	788,310
Lubricants for aeroplanes. do.	9,825,506	5,959,754	15,785,260
	500,939	564,585	1,065,524

Q. 2. What is the basis on which gasoline and other oils are estimated? Why is it on a per capita basis instead of on a per car basis?

A. Attached is copy of statement showing the basis for estimating. This is the statement referred to on page 911 of the hearings. It was figured on a per capita basis as a matter of convenience, but the revised estimate submitted herewith is computed on a machine basis.

Q. 4. On the item of fuel (41) additional cash needs are \$11,000,000 more than is stated and the amount of saving less than that stated by this amount.

A. The additional amount required is due to the increase in cost basis of coal for overseas from \$4.25 to \$9.14 per ton. Attached is a copy of the cablegram referred to in the hearings, which shows that the cost of coal during September was 36 shillings pence (approximately \$9.14) per ton, f. o. b. vessel England.

By authority of the Director of Purchase:

E. R. JOHNSON,
 Major, Quartermaster Corps,
 Chief Raw Materials Division.
 By E. S. BRONSON,
 Major, Quartermaster Corps.

Estimate of requirements for period Dec. 1, 1918, to June 30, 1919.

GASOLINE AND LUBRICANTS FOR MOTOR VEHICLES.

	Auto- mobiles.	Trucks.	Motor- cycles.
Average number to be in service:			
United States.....	7,400	25,500	10,800
Overseas.....	10,000	30,000	24,000
Gasoline consumption per machine for 7 months.....gallons..	350	350	116
Lubricants consumption per machine for 7 months.....do.....	24	24	8

Gasoline:	Gallons.	
17,400 automobiles, at 350 gallons each.....	6,090,000	
55,500 trucks, at 350 gallons each.....	19,425,000	
34,800 motorcycles, at 116 gallons each.....	4,036,800	
Required for 1 month for army of 500,000 men.....	2,637,839	
Required to repay loan from French.....	4,600,000	
Total requirements.....		36,789,639
Deduct stocks on hand—		
United States.....	346,752	
Overseas.....	3,829,200	
		4,175,952
Net requirements.....		32,613,687
Lubricants:		
17,400 automobiles, at 24 gallons each.....	417,600	
55,500 trucks, at 24 gallons each.....	1,320,000	
34,800 motorcycles, at 8 gallons each.....	278,400	
Required for 1 month for army of 500,000 men.....	184,649	
Total requirements.....		2,200,649
Deduct stocks on hand:		
United States.....	230,710	
Overseas.....	1,157,000	
		1,387,710
Net requirements.....		812,939
Gasoline, 32,613,687 gallons at 24 cents.....	\$7,827,284.88	
Lubricants, 812,939 gallons at 44 cents.....	357,693.16	
Total.....	8,184,978.04	
Deduct amount of savings by termination or reduction of contracts..	406,088.59	
Net additional amount required for fiscal year 1919.....		7,778,889.45

GASOLINE AND LUBRICANTS FOR AEROPLANES.

Average number to be in service.....		1,500
Gasoline consumption per machine, 7 months.....gallons..		11,200
Lubricants consumption per machine, 7 months.....do.....		630
Gasoline:	Gallons.	
1,500 machines at 11,200 gallons each.....	16,800,000	
Required for 1 month for army of 500,000 men.....	6,400,000	
Total requirements.....		23,200,000
Deduct stocks on hand—		
United States.....	154,316	
Overseas.....	795,400	
		949,716
Net requirements.....		22,250,284

Lubricants:	Gallons.
1,500 machines, at 630 gallons each.....	945,000
Required for 1 month for army of 500,000 men.....	355,416
Total requirements.....	1,300,416
Deduct stocks on hand—United States.....	29,871
Net requirements.....	1,270,545
Gasoline, 22,250,284 gallons, at 33 cents.....	\$7,342,593.72
Lubricants, 1,270,545 gallons, at 49 cents.....	622,567.05
Total.....	7,965,160.77
Deduct amount of savings by termination or reduction of contracts...	157,064.45
Net additional amount required for fiscal year 1919.....	7,808,096.32

Gasoline and oil requirements for motor vehicles and aeroplanes.

GASOLINE.

	Automobiles.	Trucks.	Motor-cycles.
Average mileage per gallon of gasoline.....miles..	10	5	30
Average mileage per year.....do.....	6,000	3,000	6,000
Gasoline required:			
Per year.....gallons..	600	600	200
Per month.....do.....	50	50	16.6
For 7 months.....do.....	350	350	116

LUBRICANTS.

[Based on 7 per cent of bulk of gasoline.]

Required per year per machine.....gallons..	42	42	14
Required per month per machine.....do.....	3.5	3.5	1.1
Required for 7 months per machine.....do.....	24	24	8

The above is based on mileage and gasoline consumption as shown in statement dated October 5, 1918, from Motor Transport Corps and assumes an estimated reduction of 26 per cent in mileage from the war basis figures there shown.

FOR AEROPLANES.

	Gasoline.	Lubricants.
Consumption per machine per hour.....gallons..	40	2½
Hours of operation per day.....do.....	2	2
Days of operation per month.....do.....	20	20
Consumption:		
Per month.....gallons..	1,600	90
Per year.....do.....	19,200	1,080
For 7 months.....do.....	11,200	630

The above is based on number of aeroplanes and consumption of gasoline and lubricants as shown in letter from the Department of Military Aeronautics dated December 4, 1918.

Gasoline and oil requirements for motor vehicles and aeroplanes—Continued.

FUEL.

Article.	United States (812,500 men).		Require- ments for 500,000 men for 1 month.	Overseas (1,045,000 men).		Total.
	Required per man for 7 months.	Total United States for 7 months.		Required per man for 7 months.	Total overseas for 7 months.	
Coal.....tons..	2.3331	1,995,845	166,650	2.3331	1,439,571	4,501,066
Charcoal.....do....	(¹)	27,764	1,111			28,875
Coke.....do....	.0175	14,217	1,250	.0175	18,291	33,758
Wood.....cords..	.5831	473,956	41,650	.5831	609,605	1,125,211
Gasoline (aviation).....gallons..	.161	6,540,600	575,000	.161	8,412,230	15,527,830
Gasoline (motor).....do....	.7175	29,148,450	2,562,500	.7175	37,489,362	69,200,312
Grease (auto).....pounds..	2.24	1,820,000	150,000	2.24	2,350,800	4,320,800
Kerosene.....gallons..	.042	1,706,250	150,000	.042	2,194,500	4,050,750
Oil, fuel.....do....	(¹)	1,799,727	1,000,000	(¹)	3,000,000	5,799,727
Oil, car, mineral.....do....	.0035	142,200	12,500	.0035	190,964	345,664
Oil, motor, medium.....do....	.028	1,137,500	100,000	.028	1,463,000	2,700,500
Antifreeze liquid.....do....	.084	68,250	6,000	.084	85,780	160,030
Oil, motor, heavy.....do....	.6125	497,706	43,750	.6125	640,012	1,181,468
Oil, motor, light.....do....	.007	264,350	25,000	.007	385,775	675,125

¹ Estimated.

The CHAIRMAN. I notice that for airplane gasoline, out of an appropriation of \$20,142,973, you have spent or obligated \$3,939,506.63, leaving a Treasury balance of \$16,603,466.37, and that there is estimated now for the balance of this fiscal year \$4,304,589.52, leaving a free balance to be covered into the Treasury of \$12,298,876.85. Do you agree with those figures?

Mr. NOLD. I have not those figures, but that is correct so far as the estimate is concerned.

The CHAIRMAN. You do not know any more about the basis for this estimate than you did about the estimate for the cars and trucks?

Mr. NOLD. No, sir; I do not know anything further about it.

The CHAIRMAN. Is it predicated upon a per capita Army basis?

Mr. NOLD. Yes, sir; it is on the weighted average number of men.

The CHAIRMAN. In the Army?

Mr. NOLD. Yes, sir; but the per capita is figured on the basis of the quantity purchased.

The CHAIRMAN. What is the basis, just as a matter of historical interest for the record?

Mr. NOLD. On aviation gasoline it is 0.161 gallons per man per year in the United States and the same overseas, while for motor gasoline it is 0.7175 gallons per man.

Mr. MONDELL. Is that based on every man in every arm of the service?

Mr. NOLD. Yes, sir.

Mr. MONDELL. Without regard to the number of machines?

Mr. NOLD. Yes, sir.

Gen. LORD. There is something in the way of a proper theory under it. The tables of organization provide so many air squadrons for an organization composed of so many men, but under the conditions prevailing it is of no value as a basis for estimating.

The CHAIRMAN. If you had a theoretical army and not an actual army, it would follow that given a certain number of men, there

would automatically flow from it a given number of airplanes and a given number of automobiles, trucks, or what not, but everybody, including even the General Staff, that knows anything at all about the Army knows that that theoretical organization has been honored in the breach so often as to make it of no value in estimates of this kind.

THURSDAY, DECEMBER 19, 1918.

STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, AND COL. H. P. HILL AND MAJ. J. R. ORTON.

REGULAR SUPPLIES.

OFFICE SUPPLIES.

The CHAIRMAN. Major, under regular supplies there was apportioned for office supplies out of the appropriation \$14,093,433.94, of which, according to the table, there has been \$2,489,373.36 either spent or obligated, leaving \$11,604,060.58 as an available balance December 1, and you estimate additional for your needs for this fiscal year \$1,508,335, making a balance of the allotment which is not needed, according to your table, of \$10,095,725.58. Does that agree with your figures?

Maj. ORTON. Yes, sir; as far as I have them. You have the balance.

The CHAIRMAN. How much of the \$2,489,373.36 of disbursements and obligations represents disbursements and how much obligations?

Maj. ORTON. That will be supplied for the record; it is not available here.

NOTE.—Of the \$2,489,373.36 obligations, \$718,778.44 has been disbursed, leaving \$1,770,594.92 as unpaid obligations.

The CHAIRMAN. Do you recall, in a general way, whether you have many or any outstanding contracts for office supplies?

Maj. ORTON. I think that is mostly bought for immediate delivery.

Col. HILL. Yes, sir.

Maj. ORTON. That would mean from November 11 to December 1, practically all would have been delivered on December 1, and would have been paid for and not obligated for the future.

The CHAIRMAN. Did you cancel any office-supplies contracts?

Col. HILL. Yes; we have. What comes under office supplies.

Maj. ORTON. That includes the small office supplies used up all the time, like pens and pencils. It also includes desks, chairs, and tables. Those are no doubt the items which were canceled, while the balance of the expendable supplies would be continued.

Col. WOLFE. This item of office supplies includes stationery, blank books and forms, furniture, textbooks, paper and equipment for post schools, instruments, furniture, stationery, and other authorized articles for officers' schools, and the authorized issue of towels.

The CHAIRMAN. You have an estimate for a need of \$1,508,335 for the balance of the fiscal year. What makes up that estimate?

Maj. ORTON. That estimate was made up by taking the average cost in the past, reducing it to the average number of men who will be in the service for the seven months' period, the balance of the

fiscal year, and estimating the stocks on hand. There is no detailed record of the stocks, and will not be until January 1, of these thousands of small items. On January 1 we will take an actual inventory, but we have estimated the stocks by sending men to the two depots that carry the biggest part of the stocks—New York and Chicago. We estimate the stocks at \$928,000, and we have deducted that from the average cost of the men who will be in the service. It is estimated that the use of office supplies, if anything, will be increased; that there will be more paper work while demobilizing the Army than in getting it together, because of the discharge of the men, travel, etc., and the calls from overseas have been continuing at about the same rate.

The CHAIRMAN. How much stock did you say you had on hand?

Maj. ORTON. We have estimated the stock on hand and the quantity still due on contracts at \$928,000.

The CHAIRMAN. What policy, if any, has been adopted touching this whole matter? And in that connection I want to call to your mind the fact that there are a great many departments of the Government scattered all over the country that are rapidly disbanding, and which have considerable quantities of material on hand. The Fuel Administration came to me and asked me what they should do with various office supplies that they had over the country. I told them that I had no right nor power to advise them, but that in those instances where the quantities they use are very small and they could be sold at a fair value through public sale, and such method was cheaper than undertaking to store them or to send them to a central locality, that the common sense of the situation would seem to indicate that; but I also called their attention to the fact that in most of the communities where this property existed there were doubtless other governmental agencies and some inquiry should be made as to whether they might not have a need for the very material that this bureau no longer had use for. Have you considered that situation at all and the possibility of getting all of a certain class of office supplies that you want out of existing Government stocks without buying anything more?

Maj. ORTON. This \$1,500,000 that we have estimated as still needed is not for the heavier type of office supplies that will be turned in; we do not expect to spend anything for tables, desks, chairs, and things like that, but you do not get back pens, pencils, erasers, and things of that kind. It is simply a question of using up your depot stocks and continuing to buy them.

The CHAIRMAN. If there are pens, inks, and paper scattered around, why should you not get them and use them?

Maj. ORTON. Some will doubtless come back for other use, but I do not think there will be any great amount, and that is why we have estimated the stocks at such a high figure. I sent a man to look at what they had, and overseas the calls are continuing the same as during the fighting. We have been unable to get a reduction of the quantities they need over there, and we estimate that the stocks in the New York depot will take care of the overseas for two or three months, when they will have to start buying if they continue to ship the quantities of small supplies now called for. It seems to me this is a small appropriation in order to keep that going. There will be some return, but we have thought it wise to make the estimate at that figure.

The CHAIRMAN. But there are a lot of stocks in other governmental agencies.

Maj. ORTON. Those will all come back to the zone supply officers.

The CHAIRMAN. They will not come back to you. I am not talking about quartermaster stocks, but I am talking about stocks in other governmental agencies, and my question is whether you have ever considered getting them.

Maj. ORTON. I do not know what their plans are, although I have seen the circular which applies to Washington providing that everything must come back to the General Supply Committee.

The CHAIRMAN. That was an Executive order, which was changed as the result of my recommendation so as to tighten up some of the manifest loopholes, but I am now talking about stocks that are in the field.

Maj. ORTON. I have seen no order on the subject, but I do know that a part of the supplies that went to people like the Fuel Administration came out of quartermaster stocks; we filled their requisitions and they will come back to the zone supply officer of the War Department.

The CHAIRMAN. Why?

Maj. ORTON. They will be returned to him because he supplied them.

The CHAIRMAN. Why will they come back to him?

Maj. ORTON. They are his property; they are simply using it, and when they give it up it is to come back to him.

The CHAIRMAN. They had appropriations made for office supplies and spent the money?

Maj. ORTON. I do not know what they will do with the supplies they paid for, but the supplies we furnished will come back to us.

The CHAIRMAN. Why should you have furnished them anything?

Maj. ORTON. I have seen requisitions from them.

The CHAIRMAN. But were they not requisitions which provided for a transfer of funds?

Maj. ORTON. I think some were and some were not. I think some were needed in a rush and we furnished them, because there was an urgent need.

The CHAIRMAN. How many depots have you at which these supplies are kept?

Maj. ORTON. I believe there are 14.

The CHAIRMAN. Would it be a practicable thing for you to handle the supplies from these other departments?

Maj. ORTON. I am not in a position to answer that, because it is more of a storage problem than anything else, and is a question that must be answered by the people who handle the stocks throughout the country. But if they handle them in Washington, I do not see why they could not in other places, just as well.

The CHAIRMAN. Except that in some cities there may be no War Department agency.

Maj. ORTON. There would be in one or the other of the zones:

1. The storage facilities owned or controlled by the War Department, are at present taxed to their utmost in caring for supplies now being delivered by manufacturers.
2. It is my opinion, based upon past experience, that taking into consideration the cost of storage, handling, and fire and guard protection, the Government would in the long run save money by disposing locally of all office equipment and kindred supplies.
3. The zone supply officers throughout the United States can doubtless take care of supplies turned over by the various emergency bureaus, if the character of the supplies is not bulky.

The CHAIRMAN. On what did you base your estimate of one million and a half of supplies needed?

Maj. ORTON. That was based on an estimate of \$1.31 per capita per year divided down to the seven months' period. It is simply an estimate based on past expenditures and figuring that we will not be able to reduce the per capita between now and June 30, because there is still a great deal of paper work.

The CHAIRMAN. It takes no account of your stocks?

Maj. ORTON. We have deducted the stocks by \$928,000; the total was \$2,437,000 and then we deducted \$928,000 from that.

The CHAIRMAN. Are you buying any sort of office fixtures?

Maj. ORTON. No, sir; I do not know of purchases being made of any kind.

The CHAIRMAN. Tables, chairs, typewriters, desks, or adding machines?

Maj. ORTON. No, sir.

The CHAIRMAN. Nothing of that kind?

Maj. ORTON. No, sir.

The CHAIRMAN. Or files?

Maj. ORTON. No, sir.

The CHAIRMAN. And you do not propose to purchase those things?

Maj. ORTON. No, sir; every requisition we get for anything like that we will run down to the ground and it will be supplied from some point. The department I am in controls the purchases, we authorize the purchase, and not one of those will go through.

The CHAIRMAN. What are you expecting to buy?

Maj. ORTON. We expect to buy things like paper, pens, pencils, inks, envelopes, fasteners and small supplies like that, ribbons, etc.

The CHAIRMAN. Will you not have enough inks, typewriter ribbons and such things as that, turned in to prevent the need of any purchases?

Maj. ORTON. No, sir; we do not think we will from the present stocks. They are being used up at a fast rate and we are still shipping overseas.

The CHAIRMAN. Of course, you know nothing about what stocks they have over there?

Maj. ORTON. No, sir; we cabled and asked if they could not reduce their calls and they cabled back they could not.

PRINTING.

The CHAIRMAN. In connection with printing, Colonel, there has been allotted out of the regular supplies appropriation \$1,165,240.43, of which there appears to have been paid out \$398,820.13, leaving a balance available of \$766,420.30, with an estimated additional need for the balance of the fiscal year of \$459,852.18, leaving a net balance of \$306,568.12.

Col. WOLFE. A very careful examination was made by the Administrative Division of the office of the Director of Purchase and Storage and it was felt that a calculation on the weighted average for the balance of the year would be required for that purpose, in view of the fact that in the demobilization process of the Army a great deal of printing and stationery would be required, and for that reason the item of \$459,852.18, which it is estimated will be required in the

future, in the opinion of the officers who made the estimate, will all be expended for that purpose during the balance of the fiscal year.

The CHAIRMAN. From how many different funds does the Army get money for printing?

Col. WOLFE. The Quartermaster Corps gets an allowance for printing the necessary blanks relating to the accounting of money and property which it uses in its field operations and in the office here. Other departments get their printing from other appropriations, but as to the details I am not advised.

The CHAIRMAN. This item, then, simply covers printing for the Quartermaster Department?

Col. WOLFE. Yes, sir.

THURSDAY, DECEMBER 12, 1918.

STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, AND MAJ. J. A. BUSHFIELD AND MR. JAMES R. BAKER.

REGULAR SUPPLIES.

FORAGE.

The CHAIRMAN. Major, you have had \$114,524,953.04 in connection with forage, and your statement shows that you have expended or incurred obligations to the extent of \$46,982,829.79, leaving a Treasury balance which may be designated a free balance of \$67,542,123.25. Your statement further shows that you estimate that there will be required \$6,981,234 of expenditure to take care of the remainder of the fiscal year, having taken account of the stock on hand, which would indicate a balance that could be returned to the Treasury of \$60,560,889.25?

Maj. BUSHFIELD. Yes, sir.

The CHAIRMAN. That is predicated upon what number of animals to be taken care of?

Maj. BUSHFIELD. There is an average monthly total of animals of 145,666 horses and 96,617 mules.

The CHAIRMAN. How many have you now?

Maj. BUSHFIELD. We have 291,434 horses and 118,042 mules, or 472,476.

The CHAIRMAN. That is of what date?

Maj. BUSHFIELD. Right now, December 6.

The CHAIRMAN. You figure on an average number of how many horses for the remaining seven months?

Maj. BUSHFIELD. One hundred and forty-five thousand six hundred and sixty-six horses and 96,617 mules.

The CHAIRMAN. How did you arrive at the number of horses and mules which you would have to take care of?

Maj. BUSHFIELD. Those figures were furnished by the General Staff. That is all we can go by.

The CHAIRMAN. You are not prepared to defend that?

Maj. BUSHFIELD. No, sir.

COST PER HEAD—HORSES AND MULES.

The CHAIRMAN. What is the cost a head for forage for horses and mules?

Maj. BUSHFIELD. I have not figured that out. It is approximately 65 cents a day.

The CHAIRMAN. That would be practically \$20 a month?

Maj. BUSHFIELD. Yes, sir. That is in the United States. I do not know the cost of transportation and all other charges over to France.

The CHAIRMAN. It would be greater there?

Maj. BUSHFIELD. Yes, sir; a great deal greater.

The CHAIRMAN. In determining the cost of forage for those animals, have you determined on the number of both horses and mules that you will have overseas as well as in America?

Maj. BUSHFIELD. Yes, sir.

The CHAIRMAN. The figures submitted give it both ways?

Maj. BUSHFIELD. Yes, sir.

The CHAIRMAN. You are sure of that?

Maj. BUSHFIELD. Yes, sir.

The CHAIRMAN. You figure on a given number of horses and mules overseas?

Maj. BUSHFIELD. Yes, sir.

The CHAIRMAN. What do you figure your weighted average for them?

Maj. BUSHFIELD. I have not figured it that way.

The CHAIRMAN. Then, how could you figure the cost of your forage?

Maj. BUSHFIELD. The consumption and cost per ton. For instance, a horse is allowed 12 pounds of oats and 17 pounds of hay, the consumption is so much in 30 days, and so many animals consume so much?

The CHAIRMAN. You do not figure the cost of transportation or anything of that kind?

Maj. BUSHFIELD. No, sir.

The CHAIRMAN. That comes out of another item?

Maj. BUSHFIELD. Yes, sir.

The CHAIRMAN. You figure the same way for horses here or overseas?

Maj. BUSHFIELD. So much oats and so much hay cost so many dollars.

The CHAIRMAN. Do you make any difference in figuring for months or is your allowance the same each month?

Maj. BUSHFIELD. Yes, sir; each month.

The CHAIRMAN. There is no difference between winter and summer feed?

Maj. BUSHFIELD. Not in the total amount consumed. They may increase hay and decrease oats or decrease hay and increase oats.

SUPPLIES ON HAND.

The CHAIRMAN. What is the situation touching your supplies? Some months ago you were pretty heavily loaded up with forage?

Maj. BUSHFIELD. We have a surplus of oats and a deficit of hay.

The CHAIRMAN. You mean a surplus over your needs for the year.

Maj. BUSHFIELD. Over our needs for this fiscal year; yes, sir.

The CHAIRMAN. Actually purchased?

Maj. BUSHFIELD. Yes, sir; in store.

The CHAIRMAN. What are you doing?

Maj. BUSHFIELD. We are selling the surplus we now have and probably will complete the trade to-day to sell 5,000,000 bushels of oats.

The CHAIRMAN. What will you get?

Maj. BUSHFIELD. The market price.

The CHAIRMAN. Is that as much as you paid for them?

Maj. BUSHFIELD. It is more than we paid for them.

Mr. BAKER. We sold 1,000,000 bushels yesterday and we will sell 5,000,000 bushels to-day and get more than the cost price.

Maj. BUSHFIELD. Oats have to be sold according to the market value; you can not arbitrarily fix a price.

The CHAIRMAN. Did you undertake to take account of your stock on hand and its value in arriving at the moneys that you would need to maintain these animals?

Maj. BUSHFIELD. Yes; that has been figured out.

The CHAIRMAN. How are you off in quantity as to other forage than oats and hay?

Maj. BUSHFIELD. As I said, we have a surplus of oats and a deficit of hay. We have a deficit of bran and straw.

The CHAIRMAN. Your requirements are dependent on how many horses and mules are kept, and you are not prepared to defend the need of this number?

Maj. BUSHFIELD. No, sir. The figures were supplied by the General Staff and we have to take them.

The CHAIRMAN. When were they supplied to you?

Maj. BUSHFIELD. It is dated December 5.

The CHAIRMAN. Has anything been done, Gen. Lord, looking to getting the General Staff to take a reasonable view on the subject of the number of horses and mules that we should feed that we are not using.

Gen. LORD. I made a note of that and tried to take it up with Gen. Wood to-day, but I was not able to get in touch with him. I am going to see him.

Mr. VARE. In arriving at your total quantities, I understood you to say that you made your calculations in accordance with 12 pounds per horse per day?

Maj. BUSHFIELD. So many pounds per horse per day.

Mr. VARE. Did you make that same calculation as to the mules?

Maj. BUSHFIELD. Yes, sir.

Mr. VARE. Is there any difference between the two?

Maj. BUSHFIELD. A mule eats the same amount of hay but less oats.

Mr. VARE. You use that as an average?

Maj. BUSHFIELD. Yes, sir.

The CHAIRMAN. You have a fixed ration?

Maj. BUSHFIELD. Yes, sir. It is fixed by Army regulation. There is a little latitude given to the commanding general and he may deviate, but we usually figure the Army fixed ration, so many pounds of hay, so many pounds of oats, and so many pounds of bran.

The CHAIRMAN. You have forage to meet your needs?

Maj. BUSHFIELD. No, sir; we need hay, Mr. Sherley, we need bran and we need straw. We have a surplus of oats. We need \$6,981,000 based on the present reasonable market value to buy those three items.

The CHAIRMAN. Do you not credit yourself with the oats, that is, charge yourself with the surplus oats?

Maj. BUSHFIELD. That is up to Gen. Lord.

The CHAIRMAN. You have a surplus of oats over your entire requirement for the year?

Mr. BAKER. But we have not money in hand. We could not figure it as money in hand until sold.

The CHAIRMAN. I understand. You do not have to buy hay and bran immediately. Why should you not charge yourself with the value of the surplus of oats?

Gen. LORD. So as to free more of the unobligated balance for return to the Treasury?

The CHAIRMAN. Yes, sir.

Gen. LORD. Are you asking anything more for the purchase of oats?

Mr. BAKER. No; but we are asking for nearly seven million dollars for the other things that go to make up the forage.

The CHAIRMAN. If they are going to sell the oats, which they have testified they are going to get a better price for than they paid, what will you get for the oats?

Mr. BAKER. Approximately \$4,000,000.

Gen. LORD. I think you would be perfectly justified in taking that out.

The CHAIRMAN. In other words, adding \$4,000,000 to the amount that can be saved in regard to forage?

Mr. BAKER. Yes, sir.

DECEMBER 18, 1918.

NOTE.—1. Herewith is given a statement of moneys to be returned to the Treasury from the forage branch, Subsistence Division.

2. As indicated by figures from the Finance Division, shown on page 462, there is a total to be returned to the Treasury of \$60,560,889.25.

3. By the return of the foregoing amount of money to the Treasury, the needs of the forage branch for the balance of the fiscal year 1919 will be \$6,981,234.

4. After compilation of the above figures a sale of oats was made with an approximate value of \$4,000,000. If the \$4,000,000 is returned to the Treasury as indicated on page 469, last question of the chairman, then it is necessary to secure the appropriation of \$6,981,234.

5. If, however, the \$4,000,000 is not returned to the Treasury and is retained as a credit against future purchases of forage, it will be necessary to secure an appropriation of only \$2,981,234.

J. A. BUSHFIELD,
Major, Quartermaster Corps, In Charge,
Forage Branch, Subsistence Division.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. \$64,000,000 will be covered into the Treasury instead of \$60,000,000?

Mr. BAKER. Yes, sir.

Gen. LORD. And change the previous figures.

Mr. BAKER. That is right.

DECEMBER 20, 1918.

File No. 111.03—Subs-F (reduction).
 From: Subsistence Division, forage branch.
 To: Gen. Lord, director of finance.

1. Pursuant to conversation with you I have revised our forage figures and find that we can reduce our requirements from the original estimate by \$1,213,000. This is based on the reduction of animals in the United States from the present strength to 119,000 as indicated by the General Staff.

Previous estimate.....	\$6,981,234
Reduction.....	1,213,000

Total now required.....	5,768,234
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2. The above figures arrived at as follows:

Net saving by reduction of animal strength.....	\$3,213,000
To be credited to the forage branch by cancellation of 71,000 tons of hay due from vendors.....	2,000,000

Net reduction.....	1,213,000
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3. The \$2,000,000 represented by the cancellation of 71,000 tons of hay was on the original statement deducted from total requirements so that this amount should be credited to forage.

4. As previously advised, if Congress determines that moneys received from sales shall be returned to the Treasury, then the forage branch will require an appropriation equal to \$4,000,000 from the sale of 5,000,000 bushels of oats.

By authority of the director of purchase and storage:

JAMES, R. BAKER,
In Charge, Subsistence Division.
 By J. A. BUSHFIELD,
Major, Quartermaster Corps, In Charge, Forage Branch.

THURSDAY, DECEMBER 12, 1918.

STATEMENTS OF BRIG. GEN. LORD, COL. S. H. WOLFE, AND COL. P. L. SMITH, OF THE QUARTERMASTER CORPS

TRANSPORTATION OF THE ARMY.

The CHAIRMAN. There has been allotted of appropriations made for "Transportation of the Army" for the purpose of transportation of troops \$253,815,830, and your table indicates that there have been disbursements as of December 1 of \$33,594,682.24, so that there was a presumable balance available in the Treasury as of December 1, of \$220,221,147.76, and you estimate that you will need all of that for the balance of the fiscal year?

Col. SMITH. I have cut that down.

The CHAIRMAN. That is what this table shows.

In view of the fact that this allotment and estimate are predicated upon an Army very much larger than what you are going to have, it would seem to follow inevitably that there would be a saving.

Col. SMITH. The revised estimate was based on a per capita cost of \$82.05 for transporting from home to camps and therefrom to ports of embarkation, including the return anticipated wastage of 276,000 troops, total, 3,026,000, but as approximately 1,250,000, including the return wastage, have been transported under this item since July 1, 1918, the expense involved on the basis of \$82.05 per capita would indicate an amount of \$102,562,500 as having been already obligated, and as provision must be made for the return of approximately 2,000,000 men now overseas which, at approximately \$75.925 from the seaboard to the various camps, would indicate a requirement

of \$151,850,000. This, plus the aforementioned amount of \$102,562,500, makes a total of \$254,412,500, and indicates a further deficiency of \$6,119,110. The previous estimates submitted were for transporting troops from home to camps and from camps to seaboard. They did not take into consideration the return of troops to the United States, which did not enter into this estimate, but the cost of transporting the troops from ports of entry to camps for discharge and to their homes is now required. It is believed the amount appropriated, while it was appropriated for transferring troops overseas, will be required for returning troops to their homes.

The CHAIRMAN. But it is true, of course, that your appropriation was made with the idea of moving troops to Europe and not of moving troops back to their homes, but the movement of troops overseas was for a movement of three million and odd thousand troops, and that meant that all of those troops would not only go to the camps, but from their camps to the coast?

Col. SMITH. Yes, sir.

The CHAIRMAN. Now, coming back, there is going to be no such number of troops that will come from the coast to the camps even though there be a large number who go from the camps to their homes?

Col. SMITH. These figures are based on an estimate of 2,000,000 coming from the ports of entry to camps for discharge.

The CHAIRMAN. All right. You were going to have 3,000,000 go from the camps to the ports of embarkation. There is a difference of a million, but, of course, a part of that difference is absorbed by the troops that were at the camps and who had to go home, aside from those who are overseas and come to the camps and have to go home.

Gen. LORD. And also, Mr. Chairman, the number since July 1, up to the signing of the armistice, who were transferred to the seaboard from the camps and those who had come from their homes to the camps.

Col. SMITH. In addition to that, I have deducted from this the average cost of transporting a man who is now in camp to his home, about \$6.25 in each individual case. That is not included in this estimate; it is taken off.

The CHAIRMAN. Why?

Col. SMITH. Because that is paid from another item.

PLAN OF DISCHARGING TROOPS.

Mr. MONDELL. What is the plan of discharging the troops from overseas? Will they be taken back to the camps where they were originally recruited and trained and from there sent home, or will they be discharged at the seaboard?

Col. SMITH. I can not give you anything official on that. It is my understanding, however, that troops will be taken wherever possible to camps within 350 miles of their homes and discharged.

TRANSFER OF ENLISTED MEN TO CAMPS NEAR OR WITHIN THEIR RESPECTIVE STATES FOR DISCHARGE.

WAR DEPARTMENT,
Washington, December 3, 1918.

Circular No. 106.

1. Under the instructions heretofore or hereafter issued directing the discharge of enlisted men at any camp, post, or station, only those men will be discharged who are within 350 miles of the point of their entrance into the military service, and,

in addition, those who are nearer thereto than to any other camp to which they can be sent; provided, also that men will be discharged at their present station in cases where no substantial saving in distance traveled from point of discharge to point of induction would be effected by transfer to another camp, for discharge.

2. All other enlisted men specified in orders for discharge will be formed into detachments consisting of men from the same State and sent for discharge to the camp in, or nearest to the State from which they came. A proper proportion of officers, preferably from the same locality, will be sent with each detachment. The commanding officer of the camp, post, or station from which detachments are to be transferred will prearrange all details by wire with the commanding officer of the camps to which the detachments are to be sent, quoting this circular as the authority for the transfer.

Mr. MONDELL. In the main, they would be returned to the camps from which they came. That would be the result, approximately, although they would not go to the same camp?

Col. SMITH. Yes, sir; that is correct.

Mr. MONDELL. It makes a great deal of difference in this item as to the plan which is followed. If you are going to discharge them at the seaboard, then the expenditure would be very much less than if you take them into camps and discharge them; that is, if this item does not bear the cost of transporting the men from the point of discharge to their homes—and you say it does not?

Col. SMITH. No, sir; it does not.

Mr. MONDELL. I understand that your figures indicate a possible deficiency in this item?

Col. SMITH. No, sir; we have incurred no deficiency under this item. There is a deficiency in the item No. 209 that covers travel allowance to enlisted men on discharge. That is when the Government handles the men as individuals to their homes.

Mr. MONDELL. What was the number of men on which this estimate when made was based, do you recall?

Col. SMITH. Three million, twenty-six thousand.

Mr. MONDELL. That was based on the transportation of that number of men from their homes to the front in France?

Col. SMITH. No, sir.

Mr. MONDELL. What was it based on?

Col. SMITH. Transporting that number of men from their homes to camps and from the camps to the seaboard.

Mr. MONDELL. To France, as far as this item is concerned?

Col. SMITH. Yes, sir.

Mr. MONDELL. And when they reached the seaboard their expenses were paid from another item?

Col. SMITH. Yes, sir.

Mr. MONDELL. Your item was to cover the entire cost of shipment to the seaboard?

Col. SMITH. Yes, sir.

Mr. MONDELL. How many men will be discharged and moved under this item before the end of the fiscal year, as great a number as you estimated shipping out?

Col. SMITH. I believe so. That is what the estimate is based on.

Mr. MONDELL. But so far as those men are concerned who are still in the camps, will they not be discharged from the camps?

Col. SMITH. Yes, sir.

Mr. MONDELL. And in that event there is no charge on this appropriation?

Col. SMITH. Not unless these men are transferred to within 350 miles of the place that they were inducted into the service.

Mr. MONDELL. What is going to be the practice with regard to the men in the camps?

Col. SMITH. As I said, the practice will be to send those men to camps within 350 miles of their homes.

Mr. MONDELL. My question was with regard to the men overseas, whether you will bring them back to the seaboard or take them to the camps nearest their home approximately, and in answer to that you said that you would perhaps take them to the camps. I am talking about the men in the camps who will be discharged. Do you propose to transport those men back to their camps before you discharge them?

Col. SMITH. Yes, sir; I think that is the intention. (See note, p. —.)

Mr. MONDELL. How many are going to be discharged as individuals? They are being discharged every day as individuals and are being discharged from the point where located; they are not being sent to any camp.

Col. SMITH. That comes under another item.

The CHAIRMAN. The point Mr. Mondell makes, as I understand it, is this: You figured on moving 3,026,000 to camps and from the camps to the seaboard?

Col. SMITH. Yes, sir.

The CHAIRMAN. Now, you have only 2,000,000 men overseas, and if every man overseas came back you would move back from the ports to the camps only 2,000,000 men as against 3,026,000 that you estimated you were going to move to the seaboard. Of course, that is in a measure made up by the fact that you have already, during the months that have gone by, moved men from home to camp and from camp to seaboard.

AMOUNT TO BE COVERED BACK INTO TREASURY.

The CHAIRMAN. Under the head of transportation of the Army and its supplies, you had allotted out of appropriations for transportation \$281,890,875.50. You had spent as of December 1, \$16,728,288.64, leaving an apparent Treasury balance of \$265,162,886.86, and you estimate, according to this table, that of that amount of money you will need to spend in the remainder of the fiscal year \$174,491,254.36, leaving \$90,671,332.50 which can be covered back into the Treasury.

Col. SMITH. Yes, sir.

The CHAIRMAN. On what theory did you arrive at this figure of \$90,671,332.50?

TRANSPORTATION OF ARMY AND ITS SUPPLIES.

Col. SMITH. I will take that up item by item. For instance, under item 203, transportation of the Army and its supplies, I figure there will be a saving of \$6,125,125. That is based upon the fact

that there will be a great deal of these supplies to be shipped even during the remaining part of the fiscal year, and that is a cut of 25 per cent on that item. That is simply my best judgment on that.

TRANSPORTATION OF CLOTHING AND EQUIPAGE.

Under item 214, transportation of clothing and equipage, there is a reduction of $33\frac{1}{3}$ per cent of the amount appropriated, or a total of \$3,750,000. It is believed that about two-thirds of the amount will be shipped that we originally figured on, or a cut of $33\frac{1}{3}$ per cent.

TRANSPORTATION OF QUARTERMASTER STORES.

Item 215, transportation of other quartermaster stores, is figured on the same basis, making a saving under this item of \$57,162,472.50. That is based upon two-thirds of the original estimate and a reduction of $33\frac{1}{3}$ per cent.

The CHAIRMAN. Colonel, in view of the fact that your Army, which a month ago was at a peak of considerably over 3,000,000 men, and on July 1 is going to get down to 500,000 men, and with that reduction will necessarily follow a very great reduction in transportation of supplies, some of them very bulky, do you not think that a $33\frac{1}{3}$ per cent cut is rather conservative?

Col. SMITH. No, sir. I do not believe a greater amount than that will be saved.

The CHAIRMAN. In forage, for instance, there ought to be a very great reduction. I hope to see a very great reduction in the purchase of it. That is not one of the big items, but it is illustrative. There is going to be practically no overseas shipment of anything other than subsistence and forage, is there?

Col. SMITH. Well, I do not know. I do not think that there will be a great deal, but this includes, of course, shipments from point of origin in this country.

The CHAIRMAN. Yes; that is true, but that would mean shipped to storage here.

Col. SMITH. A great deal of it; yes.

The CHAIRMAN. And it is to be hoped there will be a tremendous cancellation of orders, by which there will be a reduction in quantities.

Col. SMITH. Yes; but we have troops in Russia, of course, and the shipments there are very expensive.

MOVEMENT OF SUPPLIES.

The CHAIRMAN. Did you have any estimate as to the quantity of supplies that would have to be moved during this fiscal year if the war had continued?

Col. SMITH. Yes, sir.

The CHAIRMAN. At what did you estimate that total?

Col. SMITH. Under signal stores, 720,000 tons; under engineer stores, 900,000 tons; medical stores, 408,000 tons; clothing and equipage, 750,000 tons; subsistence stores, 5,000,000 tons; gasoline, oils, and greases, 2,000,000 tons; fuel and forage, 20,000,000 tons;

motor trucks and spare parts, including tires, 228,000 tons; transportation of horse equipment, 8,000 tons; ordnance, 4,000,000 tons; or a total of 34,074,000 tons.

The CHAIRMAN. How much have you moved up to November? Have you any idea? I suppose your accounts are way behind, so that your statement as to moneys paid out does not give any true idea.

Col. SMITH. That is true, because we do not get accounts in for months on these transportation accounts, after the transportation has actually taken place.

The CHAIRMAN. There is a good deal of that very heavy transportation that would seem to be almost completely eliminated now. For instance, the Engineers are going to be shipping practically nothing.

Col. SMITH. The Engineers shipped nearly their full quota during August, September, and October.

The CHAIRMAN. Of course, Ordnance will have a considerably heavy shipment to certain points, because ordnance production was just reaching any considerable figure when the war ended, but those shipments will not go anything like as far as they otherwise would.

Col. SMITH. Yes.

The CHAIRMAN. Colonel, if I understand you, you have just made what necessarily must be a rough estimate as to the movement of supplies.

Col. SMITH. It is a rough estimate.

The CHAIRMAN. I presume a great deal of these supplies do not bear any true relationship to the number of troops; in other words, the supplies which have been created will have to be moved from the point of production to the point of storage?

Col. SMITH. That is true. They are not supplies that can be sold at the point of production to any great extent.

FRIDAY, DECEMBER 20, 1918.

TRANSPORTATION.

MOTORS AND VEHICLES DIVISION.

STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE, COL. R. W. LEA, COL. F. GLOVER, COL. W. H. NOBLE, LIEUT. J. A. BAYNE, AND MR. A. G. DREFFS, MOTORS AND VEHICLES DIVISION, QUARTERMASTER CORPS.

HORSE-DRAWN VEHICLES.

The CHAIRMAN. Colonel, I believe you are prepared to discuss the appropriations which have been made for horse-drawn vehicles.

Col. LEA. Yes, sir.

The CHAIRMAN. Can you tell us how much money was appropriated in 1918 for horse-drawn vehicles?

Col. LEA. No, sir; the procurement was charged against supplies, service, and transportation.

The CHAIRMAN. As I understand it, as near as your table, which is not complete, indicates, there were either disbursements or outstanding obligations for horse-drawn vehicles out of the appropriation for 1918 of \$34,969,010.12?

Col. LEA. Yes, sir.

The CHAIRMAN. And that, including disbursements, in order to meet outstanding obligations there is required \$18,000,000?

Col. LEA. Yes, sir.

BALANCES TO BE COVERED INTO THE TREASURY.

(See p. 166.)

The CHAIRMAN. Which would indicate that as to 1918, there would be a balance that could be covered into the Treasury of \$16,969,010.12.

Col. LEA. Yes, sir.

The CHAIRMAN. Now, your other statement as to the 1919 appropriation, shows that there has been allotted out of the appropriation \$39,438,404.47; that out of that amount there has been obligated or disbursed \$11,502,590.04; that of that latter sum \$730,328.64 represents disbursements; and that there is an available balance over disbursements and over obligations of \$27,935,814.43, all of which is an absolutely free balance that can be covered into the Treasury?

Col. LEA. Yes, sir.

The CHAIRMAN. Of the \$11,502,590.04 which represents disbursements and obligations, it is my understanding from the table you have submitted that \$6,000,000 will cover the disbursements made and the obligations which will have to be met, so that there will be saved of that \$11,502,590.04, which is the total of obligations and disbursements, \$5,502,590.04?

Col. LEA. Yes, sir; absolutely.

The CHAIRMAN. Which, if added to the \$27,935,814.43, which is your free balance, would represent the total sum which out of the 1919 appropriations can be covered back into the Treasury?

Col. LEA. Yes, sir.

The CHAIRMAN. Now, what is the situation touching the number of horse-drawn vehicles that have been procured or contracted for as a result of these appropriations, both for 1918 and 1919? In other words, what did you get for the money?

Col. LEA. Well, we procured complete equipment as required, with very few complaints about delays, and there were small overstocks in France at the time hostilities ceased. They were just beginning to build up a reserve. There was a great quantity of vehicles in process of shipment, at the ports, en route to the ports, and on ships.

The CHAIRMAN. Have you not some sort of stock report of what you have received and of what is represented in the obligations that you are going to have to meet?

Col. LEA. Yes, sir.

The CHAIRMAN. Can you tell us about that?

Col. LEA. I can not tell you that now. I did not know that would be required, but we have got stock reports.

Report showing number of complete vehicles contracted for and disposition of same from Apr. 6, 1917, to Dec. 1, 1918.

	1	2	3	4	5	6	7
	Total purchase since Apr. 6, to Nov. 11, 1918.	Deliveries made to Dec. 1, 1918.	Additional number to be completed and delivered.	Number being canceled, column 1 minus column 2 plus column 3.	Deliveries made and to be made, column 2 minus column 3.	Shipments overseas.	Balance is either in stock or in service in United States, column 5 minus column 6.
Carts, veterinary ambulances...	80	80	None.	None.	80	7	73
Carts, drinking water.....	22,000	15,779	1,812	4,409	17,591	6,561	11,030
Carts, dump.....	1,183	1,133	50	None.	1,183	80	1,103
Carts, hand.....	7,309	5,408	1,900	None.	7,309	569	6,740
Carts, medical.....	5,500	2,800	2,017	683	4,817	1,253	3,564
Carts, ration.....	16,000	11,040	2,060	1,870	13,130	2,108	11,022
Carts, sanitary.....	1,009	854	25	100	909	130	779
Carts, disinfecting spray.....	37	37	None.	None.	37	None.	37
Wagons, ambulance.....	3,339	3,325	None.	14	3,325	468	2,857
Wagons, buckboards.....	1,859	1,699	160	None.	1,859	224	1,635
Wagons, combat.....	20,000	7,098	457	12,415	7,585	2,670	4,915
Wagons, bottom dump.....	436	430	None.	None.	436	None.	436
Wagons, drinking water.....	2,667	2,667	None.	None.	2,667	577	2,110
Wagons, escort, model A.....	1,000	1,000	None.	None.	1,000	None.	None.
Wagons, escort, J-118.....	102,078	45,636	8,126	48,316	53,762	12,804	40,958
Wagons, milk.....	4	4	None.	None.	4	None.	4
Wagons, mountain, three seats.....	1,000	1,000	None.	None.	1,000	204	796
Wagons, sprinkling.....	1,056	1,056	None.	None.	1,056	None.	1,056

CHARACTER OF HORSE-DRAWN VEHICLES PURCHASED.

The CHAIRMAN. What is the character of the horse-drawn vehicles you have procured?

Col. LEA. The entire vehicle equipment for the Army is of special design and is not according to the designs used for commercial purposes. One of the most important vehicles in animal-drawn transportation is the escort wagon. That is a ration and baggage wagon and general troop supply wagon. It is a four-wheel vehicle, equipped with a large, heavy box, bows, and cover, and is drawn by four mules ordinarily; but I imagine that over there they have to use six on account of the mud. There is another very important vehicle that was designed since we got into the war, called the combat wagon. It is of the limber and caisson type and is used for carrying machine-gun ammunition, and also for carrying machine guns themselves on top. It is provided with compartments for a certain number of cases of ammunition, entrenching tools, picks, shovels, etc., and they also carry a lot of camouflage material on top of that. The other most important four-wheel horse-drawn vehicle is the ambulance, which is used in quite large quantities over there. It is equipped with the ordinary ambulance materials, stretchers, etc. The ration cart was found necessary shortly after we got into the war. It was known to be necessary immediately on account of the French use and British use of the carts. That is a two-wheel vehicle equipped with shafts for one horse, and also with a lead attachment for an additional horse on account of the hard roads and bad conditions. That cart is equipped with a brake and other miscellaneous things that would go with an Army vehicle. The next most important

vehicle, I think, is the water cart. That was a brand new thing to us in war methods. At first we started to use water wagons, which in appearance are a good deal like the ordinary street sprinklers without the sprinkling heads on them, but the water wagon was so heavy that they could not get around with it. They found that the British had gone in with the same idea, but they adopted the water cart. A vehicle that was quite satisfactory in the service was designed with a capacity of about 150 gallons, with a number of spigots around the back so that a number of men could fill their canteens at once and move on. But the weight of that vehicle was too great, and in the mud over there they could not handle it properly with two mules. When they tried to relieve the loads by reducing it one-half or two-thirds, it made a bad load to carry on account of the slushing of the water from side to side, and they were just about to enter upon the production of a lighter vehicle or one of smaller capacity when the hostilities ceased. The next most important vehicle was the medical cart. That is practically the same type of vehicle as the ration cart, with a lighter body equipped with stretchers, etc., and with bows and cover for the protection of the medical supplies. There are also a number of lighter vehicles required for a pair of light horses for hurry-up jobs or to take an officer and a few men to some place quickly. We supplied quite a number of what is termed there the mountain wagon. That is a medium weight mountain wagon, used for the same purposes practically that buckboards are used for.

The CHAIRMAN. Do you supply out of these funds the harness for these vehicles?

Col. LEA. That has gone through quite a change during the progress of the war. Vehicles and harness were closely allied back several months ago. I do not know but what the finance branch made one allotment. Whether there were certain allotments added, or not, I do not know.

Col. WOLFE. That was divided because the vehicles and harness division was changed to the motor and vehicle division. When vehicles were put with the motors branch, motor and vehicle division, harness was put with the leather branch of clothing and equipage. Have there been any other changes?

Col. LEA. No, sir.

The CHAIRMAN. Irrespective of the departmental changes, do these appropriations represent money for the harness as well as for the vehicles?

Col. WOLFE. No, sir; the harness part of this is under clothing and equipage. This represents, as I recall it, the vehicle part only.

The CHAIRMAN. I assume that you have already procured, practically speaking, a larger number of the various kinds of horse-drawn vehicles than you would want or need on a peace basis?

Col. LEA. Yes, sir; the sudden ending of hostilities left us with more than we actually require.

The CHAIRMAN. So that you are not met with the question of the desirability of acquiring more of these various articles?

Col. LEA. No, sir.

CANCELLATION OF CONTRACTS.

The CHAIRMAN. But you are faced simply with the question of your ability to cancel contracts?

Col. LEA. Yes, sir.

The CHAIRMAN. What has been the decision generally as to cancellations? Have you arrived at any conclusion as to what you will be able to cancel and what you will not be able to cancel?

Col. LEA. I have a pretty good idea of the way the thing is going to work out. All production is stopped. I think within three days after the armistice was signed we suspended all production, taking the chance that there would be no further calls or not enough that we could not supply from stock on hand or which we were bound to take. It developed that action was right, because along the first of this month we got a cable saying that their supplies in transit and in hand were ample to take care of them for some time to come. The contractors had quite a quantity of vehicles, in some cases, on hand, on account of the congestion of shipping and the storage situation which would appear as a further surplus. They were made before the armistice was signed, and what other supplies we get will be just those completing their work which was in process during, say, the first two weeks of November, and work which it would be to the advantage of the Government, on account of its state of manufacture, to complete rather than to junk it where it was.

The CHAIRMAN. A good deal of the material that goes into making specially designed Army vehicles could be used in the making of commercial articles. Wheels would still be wheels, the bodies, and so forth, and therefore it would not seem that everything which had been started had to be completed?

Col. LEA. It did not follow except just so far along that it meant a very small operation, possibly a few operations on an actual part or the assembling of parts.

The CHAIRMAN. Have you had enough contact with the contractors to ascertain to what extent they are willing to cancel existing contracts?

Col. LEA. I think that all contractors are willing to cancel. The contractors I have talked to are just as anxious to get the thing cleaned up as the Government could possibly be and to get back on their peace lines. It is just a question of figuring up what the expense is in getting the thing out of the way.

The CHAIRMAN. Have you any of these informal contracts?

Col. LEA. I have two or three informal contracts, but I have a worse situation than that; I mean a more general situation than that. I think all the contracts that were made in the office of the depot quartermaster at Jeffersonville were signed by an officer for the contracting officer.

The CHAIRMAN. There are a number of contracts made in connection with these vehicles that will require legislation under the comptroller's decision in order to make them binding contracts, if that decision should be held to be the law?

Col. LEA. Yes, sir.

The CHAIRMAN. In other words, a junior officer would enter into a contract with a contractor by signing contracts on behalf of the Government in the name of a senior officer, by him?

Col. LEA. Yes, sir.

The CHAIRMAN. How did that practice happen to come about?

Col. LEA. Why, before I had any knowledge of the situation, I understand it was quite prevalent in several different bureaus and corps.

The CHAIRMAN. In what character of vehicles have you the larger part of these outstanding obligations?

Col. LEA. In that important vehicle that was the larger part of all, the escort wagons. Of course, an Army something of the size that has been talked of will require a large number of those vehicles, but I imagine our stocks, even for that considerable consumption, are larger than would be required, and I think there will possibly be an unwarranted depreciation on account of holding them in stock the necessary time for use. I think there will be some loss there.

The CHAIRMAN. What salvage do you think you can get out of the stocks on hand?

Col. LEA. It is a very hard question to answer on account of the disposition taking place during a period when we do not know much about what is going to be the business conditions. If the general level of prices of vehicles would continue we would get more out of them than if the general prices of vehicles also dropped, but there is very little use for these vehicles other than to general construction men or contractors of that sort. A farmer could not afford to buy it even at a ridiculously low price, because he would never be able to get repairs, located away out in North Dakota or some place like that; he could not get a new wheel or a new axle or a new singletree, and it would be a very difficult task to get them to offer anything hardly.

SURPLUS OF SPARE PARTS.

The CHAIRMAN. To what extent are you loaded up with spare parts?

Col. LEA. We have quite a quantity of spare parts. We have so many spare parts that it is my judgment they will depreciate beyond a condition of use before they will be used in the ordinary course of events.

The CHAIRMAN. Are they capable of being assembled?

Col. LEA. They are, with possibly the addition of a few parts which we may not have. In other words, the parts ordered for spare parts are the one known to break by long Army experience. There are a few that we would not have in stock. They go together the same as a wagon is made. You can get a wagon out of the spare-part pile just as easily as you can get a completed wagon.

The CHAIRMAN. You say all work has been suspended?

Col. LEA. Yes, sir.

The CHAIRMAN. Do you mean that literally?

Col. LEA. I mean that not quite literally, because we had two or three very bad situations as far as the contractor's situation was concerned that we handled in the manner prescribed by our superior officers in the way of throwing them absolutely out of production. I have in mind a case up at Guilford, Conn. Conditions up there were extremely bad and the Director of Purchase and Storage authorized a limited production in that plant up until, I think it is, January 15, just to let the man get out of his contract and try to get something before he closed.

The CHAIRMAN. Are there many instances of that sort?

Col. LEA. Very, very few, and where it is, the production has been curtailed so that it just amounts to the completion of parts in process.

The CHAIRMAN. There are a number of cases where suspension has taken place where you expect, however, to permit its resumption to the extent of completing vehicles that it would not be wise not to complete?

Col. LEA. It could not be considered unwise as far as the need of the vehicles is concerned; yes.

The CHAIRMAN. What I mean is this: You have suspended, practically speaking, all work?

Col. LEA. Yes, sir.

The CHAIRMAN. That means that you have suspended work even on vehicles that ought to be completed?

Col. LEA. Well, I think that good judgment has been used, and by saying that I mean that the percentage of completion of a certain set of parts for a vehicle has been close enough and I think the dividing line has been drawn at the right point.

The CHAIRMAN. Perhaps I do not understand you, then. I thought you meant by saying that work had been suspended, except in one or two instances which you have been speaking of, you meant that it has been suspended irrespective of whether it was expected to subsequently have completed part of the work?

Col. LEA. No.

The CHAIRMAN. You mean by suspension that there has been suspended all of that character of work which it is not desired to have completed at all?

Col. LEA. Yes, sir.

The CHAIRMAN. There is going on manufacturing to the extent that in the judgment of the corps makes it desirable from the standpoint of values to complete?

Col. LEA. Yes, sir. Absolutely no material of any kind has been put into work. That is the best way to put it. In other words, a piece of lumber or a piece of steel in its original state which can be used for this or something else has not been put into this.

The CHAIRMAN. You have permitted these men to continue the assembling and completion of these vehicles out of the material that was already in process of manufacture?

Col. LEA. Yes, sir.

BALANCES TO BE COVERED BACK INTO THE TREASURY.

(See p. 161.)

The CHAIRMAN. If I understand the situation, there can be covered back into the Treasury from both 1918 and 1919 appropriations \$27,935,814.43 plus \$22,471,600.16?

Col. LEA. Yes, sir.

The CHAIRMAN. Will you please have placed in the record the quantities of the various horse-drawn vehicles you have received and the additional numbers that you contemplate you are going to have to receive and then with that the number which has been sent overseas, and the difference would represent the new reserve stock which would be in America?

Col. LEA. Of course, it would not all be new; we have a full equipment of vehicles from coast to coast.

The CHAIRMAN. That is true. A part would be in the camps.

Col. LEA. A lot has been used up and replaced in the camps.

The CHAIRMAN. I simply want such a picture of the stocks as you are able to give us at this time, that we may know to what extent these vehicles exist.

Col. LEA. Yes, sir.

Report showing number of complete vehicles contracted for and disposition of same from April 6, 1917, to Dec. 1, 1918.

	(1) Total pur- chases since Apr. 6, 1917, to Nov. 11, 1918.	(2) Deliv- eries made to Dec. 1, 1918.	(3) Addi- tional number to be com- pleted and de- livered.	(4) Number being con- signed. Column No. 1 minus 2 and 3.	(5) Deliv- eries made and to be made. Column 2 plus 3.	(6) Ship- ments overseas.	(7) Balance is either in stock or consumed in service in United States. Column 5 minus 6.
Carts, veterinary, ambulance...	80	80	None.	None.	80	7	73
Carts, drinking-water.....	22,000	15,779	1,312	4,409	17,561	6,561	11,080
Carts, dump.....	1,183	1,133	50	None.	1,183	80	1,103
Carts, hand.....	7,309	5,409	1,900	None.	7,309	509	6,740
Carts, medical.....	5,500	3,800	2,017	683	4,817	1,253	3,564
Carts, ration.....	15,000	11,040	2,090	1,870	13,130	2,108	11,022
Carts, sanitary.....	1,009	884	25	100	909	130	779
Carts, disinfecting spray.....	37	37	None.	None.	37	None.	37
Wagons, ambulance.....	3,339	3,325	None.	14	3,325	468	2,857
Wagons, buckboard.....	1,859	1,698	160	None.	1,858	224	1,635
Wagons, combat.....	20,000	7,098	487	12,415	7,585	2,670	4,915
Wagons, bottom, dump.....	436	436	None.	None.	436	None.	436
Wagons, drinking-water.....	2,687	2,687	None.	None.	2,587	577	2,110
Wagons, escort, model "A".....	1,000	1,000	None.	None.	1,000	1,000	None.
Wagons, escort, J-118.....	102,078	45,636	8,126	48,316	53,762	12,804	40,958
Wagons, milk.....	4	4	None.	None.	4	None.	4
Wagons, mountain, 3 seats.....	1,000	1,000	None.	None.	1,000	204	796
Wagons, sprinkling.....	1,056	1,056	None.	None.	1,056	None.	1,056

(Report submitted by James W. Shafer, Captain, Quartermaster Corps, Motor and Vehicle Division, Horse and Hand-Drawn Vehicles Branch, Statistical and Record Section.)

TUESDAY, DECEMBER 20, 1918.

**STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE,
OF THE QUARTERMASTER CORPS, COL. F. GLOVER AND
MR. A. G. DREFFS.**

MOTOR AND OTHER VEHICLES.

The CHAIRMAN. There has been allotted from appropriations for the fiscal year 1918 and the fiscal year 1919 for motor and other vehicles, \$885,800,460.48, according to the sheet which has been presented to me, and there has been obligated of that amount \$772,397,356.73, which would leave an available balance in the Treasury of \$113,403,103.75; there is an estimated additional cash need for the balance of the year of \$27,533,400.92, which would make a free Treasury balance of \$85,869,702.85, which latter sum can clearly be covered into the Treasury.

Mr. DREFFS. That is correct.

The CHAIRMAN. In addition to that it is estimated that there can be a saving out of contracts of \$230,471,600.16?

Mr. DREFFS. Yes; that is correct. That includes the horse-drawn vehicles.

AMOUNTS TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. So that assuming the statement presented should be accepted without alteration, there could be covered into the Treasury out of the appropriations for motor and other vehicles for 1918 and 1919 a total of \$316,341,302.99?

Mr. DREFFS. That is correct.

The CHAIRMAN. These moneys were appropriated under various heads, some of them came from funds appropriated for the Bureau of Aircraft Production, some of them for the Chief of Engineers, some of them for the Medical Corps, and some of them for the Signal Corps as contradistinguished from the aircraft side of it, and some of them for the Chemical Warfare Service, and some for the Quartermaster Corps?

Mr. DREFFS. That is correct. It is not shown on this sheet, but then there are the amounts that were appropriated for the Ordnance Corps.

The CHAIRMAN. You are not undertaking to deal with that at all, that will be taken care of in connection with the Ordnance Department?

Mr. DREFFS. Yes, sir.

The CHAIRMAN. The detail of the statement shows that there was allotted out of appropriations made to the Bureau of Aircraft Production covering the two fiscal years a total sum of \$51,212,488.90?

Mr. DREFFS. Yes, sir.

The CHAIRMAN. And the table indicates that all of that has been either disbursed or obligated?

Mr. DREFFS. That is correct.

The CHAIRMAN. Are you able to tell us to what extent the \$51,000,000 has been disbursed?

Mr. DREFFS. I can not tell you exactly, but I can tell you generally. I would say at least 75 per cent.

The CHAIRMAN. That would indicate in very rough figuring something over \$12,000,000 represented in contract obligations?

Mr. DREFFS. Yes, sir.

The CHAIRMAN. Your table seems to indicate that no part of those contract obligations can be avoided?

Mr. DREFFS. That is correct.

The CHAIRMAN. Why?

Mr. DREFFS. Because not a single contract was placed after June 15, in fact, the great bulk of them were placed in the early part of the year, with the result that they have gotten so well under production that they are practically completed. There may be tail ends that are not completed which will have to be.

Col. GLOVER. Here is the point. The two main trucks that we buy for the Signal Corps and the Aircraft Production Board are the light and heavy aviation trucks. There were 3,900 light aviation trucks ordered and on the 1st of December there were 212 still to be delivered. In other words, practically all had been completed. We would save no money to cancel those contracts. Of the heavy aviation trucks there were 4,275 ordered and all but 550 have been completed. Of course, of the 550 a good many were 95 per cent completed and practically all 60 or 70 per cent. In other words,

had we canceled them we would have paid most of the money out and had no completed trucks.

The CHAIRMAN. It has been determined, due to the condition that you speak of, to carry out all of the contracts in connection with the motor vehicles for the Aircraft Production Service?

Col. GLOVER. Yes, sir. The trucks were so far completed that there would have been no money saved by canceling the contracts.

The CHAIRMAN. Do you know whether this represents all the moneys that they have allotted for motor trucks?

Col. GLOVER. No, sir; I would not know that. The money for these trucks, amounting to about \$21,000,000, that I spoke of, the two major items will all be expended, but what else the Aircraft Production Service has included in that I do not know.

CHARACTER OF MOTOR VEHICLES OBTAINED FOR BUREAU OF AIRCRAFT PRODUCTION.

The CHAIRMAN. Can anyone tell me just the character of motor vehicles that were to be obtained for the Bureau of Aircraft Production? Apparently the two that you have spoken of, and then presumably a certain proportion of the general character of motor vehicles that went to all the corps of the Army.

Col. GLOVER. Yes, sir; but not so much of that, as it was special equipment, like searchlights and all sorts of apparatus that went on these trucks. which would make up a very large item; Very intricate and technical apparatus goes on a great many of these trucks furnished to Aircraft Production, a great many trailers and all sorts of things of that kind. That can be dug into and it can be shown, but I have not those detailed figures here.

The CHAIRMAN. If you could summarize, in broad groups, the expenditure or obligation of this \$51,000,000—

Col. GLOVER (interposing). I have here, by vehicles, a summarization of all their work in a very broad way, a sort of executive statement, but I did not split it up because we were never interested in aircraft. We simply got the trucks and turned them over.

The CHAIRMAN. Suppose at this point you give us your general grouping, because it will perhaps throw light upon each of these other items as we come to deal with them.

Col. GLOVER. This is a combined statement, and I have a detailed sheet showing the total number of trucks completed; that is, completed as of December 1, the number we have been able to cancel, the balance that will still be coming, and then the months in which those balances will be produced, according to the manufacturers' statements.

(Said statements follow:)

Vehicles standardized for overseas shipment.

Name.	Class.	Capacity.	Manufacturer.	Address.	Total ordered to Nov. 30.	Total completed to Nov. 30.	Cancelled.	Balance due.	Produced Nov. 10-30.	Prospective deliveries—			
										Dec.	Jan.	Feb.	Mar. Apr.
General Motors Co. standard	Ambulance	1-ton.	Dort Motor Co.	Flint, Mich.	1,000	50		950	50	300	350	300	
Do.	do.	do.	General Motors Truck Co.	Pontiac, Mich.	6,811	5,861		950	50	300	400	250	
Ford ambulance.	do.	do.	Ford Motor Co.	Detroit, Mich.	10,042	5,060	3,928	454	44	454			
Total.					17,853	11,571	3,928	2,354	146	1,054	750	550	
General Motors Co. standard	AA	1-ton.	Commerce Motor Car Co.	Detroit, Mich.	450			450		150	150	150	
Do.	AA	do.	Vellie Motors Corporation.	Moline, Ill.	1,000			1,000		100	300	300	
Do.	AA	do.	Elgin Motor Car Corporation	Elgin, Ill.	500			500		100	100	150	150
Do.	AA	do.	Livingston Motor Co.	Connersville, Ind.	500			500		150	175	175	
Do.	AA	do.	Auburn Auto Co.	Auburn, Ind.	500			500		150	175	175	
Do.	AA	do.	Hupp Motor Car Corporation.	Detroit, Mich.	500			500		150	175	175	
Do.	AA	do.	Saxon Motor Car Co.	do.	500			500		80	140	140	140
Do.	AA	do.	Columbia Motor Co.	do.	300			300		100	100	100	
Do.	AA	do.	Moore Motor Car Co.	St. Louis, Mo.	300			300		50	125	125	
Do.	AA	do.	Liberty Motor Co.	Detroit, Mich.	450			450		75	200	175	
White.	AA	do.	The White Co.	Cleveland, Ohio.	2,065	2,377		318	141	168	150		
Total.					7,065	2,377		5,318	141	1,273	1,790	1,065	590
Dodge light delivery.	Light delivery.	1-ton.	Dodge Bros. Co.	Detroit, Mich.	9,353	3,454	5,899		217				
Dodge light repair.	do.	1-ton.	Dodge Bros. Co. (discontinued.)	do.	1,012	1,012							
Ford light delivery.	do.	do.	Ford Motor Co.	do.	12,002	6,248	5,754						
Total.					22,367	10,714	11,653		217				
White standard	A	11-ton.	The White Co.	Cleveland, Ohio.	9,202	2,326		1,876	195	576	600	700	
Do.	A	do.	Peerless Motor Co.	do.	3,000		3,000						
Total.					12,202	2,326	8,000	1,876	195	576	600	700	
Light aviation.	A	11-2 ton.	General Motor Truck Co.	Pontiac, Mich.	2,400	2,295		175	325	175			
Do.	A	do.	Paige Motor Car Co.	Detroit, Mich.	500	497		3	3				
Do.	A	do.	Republic Motor Truck Co.	Alma, Mich.	500	466		34	87	34			
Do.	A	do.	Penby Motor Truck Co.	Detroit, Mich.	500	500		7	7				
Garford.	A	11-ton.	Garford Motor Truck Co.	Alma, Ohio.	5,010	1,099	3,000	921	48	171	300	300	150

	A	do.	Packard Pierce-Arrow	do.	Packard Motor Car Co. Pierce-Arrow Motor Car Co.	Pittsford, Mich. Buffalo, N. Y.	4,022	4,022	500	1	128	1	200	300	500	150	150
Total.	A	do.		do.			13,339	7,705	3,930	1,734	602	594	500	500	500	150	150
Standardized B.	B	8-ton		do.	Packard Motor Car Co.	Detroit, Mich.	3,750	1,000	2,000	750		150	150	150	150	150	150
Do.	B	do.		do.	Gramm-Bernstein Truck Co.	Lima, Ohio.											
Do.	B	do.		do.	Kelly-Springfield Truck Co.	Springfield, Ohio.	1,045	485		550	40	135	135	140	140	140	140
Do.	B	do.		do.	Indiana Truck Corporation.	Marion, Ind.	2,545	500	1,500	545	10	85	115	115	115	115	115
Do.	B	do.		do.	Service Motor Truck Co.	Wabash, Ind.	1,755	475	750	560	75	135	140	145	145	145	145
Do.	B	do.		do.	Republic Motor Truck Co.	Alma, Mich.	3,750	1,027	2,000	723	38	125	150	150	150	150	150
Do.	B	do.		do.	Selden Truck Sales Co.	Rochester, N. Y.	3,750	1,041	2,000	709	41	85	140	150	150	150	170
Do.	B	do.		do.	Pierce-Arrow Motor Car Co.	Buffalo, N. Y.	1,000	1,000	1,500	500	25	100	100	100	100	100	100
Do.	B	do.		do.	Bethlehem Motors Corporation.	Allentown, Pa.	2,725	725									
Do.	B	do.		do.	Diamond T Motor Co.	Chicago, Ill.	3,233	601	2,000	542	14	117	125	150	150	150	150
Do.	B	do.		do.	United States Motor Truck Co.	Cincinnati, Ohio.	2,545	500	1,500	545	9	70	125	125	125	125	100
Do.	B	do.		do.	Brockway Motor Truck Co.	Cortland, N. Y.	2,222	650	1,000	552	23	77	125	125	125	125	180
Do.	B	do.		do.	Velle Motors Corporation.	Moline, Ill.	3,045	504	2,000	541	18	66	125	125	125	125	100
Do.	B	do.		do.	Sterling Motor Truck Corporation.	Milwaukee, Wis.	1,755	500	750	545	9	70	125	125	125	125	100
Do.	B	do.		do.	Garford Motor Truck Co.	Lima, Ohio.	1,750	1,000		750		100	150	200	200	200	100
Do.	B	do.		do.	Hurlburt Motor Truck Co.	New York, N. Y.	100		500	100		25	25	25	25	25	25
Do.	B	do.		do.	Midland Motor Truck Co.	Oklahoma City, Okla.	500										
Do.	B	do.		do.	Atterbury Motor Car Co.	Buffalo, N. Y.	750		750								
Do.	B	do.		do.	Standard Motor Truck Co.	Detroit, Mich.	750		750								
Do.	B	do.		do.	Maccar Co.	Scranton, Pa.	500		500								
Do.	B	do.		do.	Clyde Cars Co.	Clyde, Ohio.	500		500								
Do.	B	do.		do.	Rowe Manufacturing Co.	Lancaster, Pa.	500		500								
Do.	B	do.		do.	J. C. Wilson Co.	Detroit, Mich.	500		500								
Do.	B	do.		do.	Lewis Hall Iron Works.	do.	500		500								
Do.	B	do.		do.	Denny Motor Truck Co.	do.	1,500		1,500								
Do.	B	do.		do.	Winthrop Motor Truck Co.	Winthrop Harbor, Ill.	500		500								
Do.	B	do.		do.	Vim Motor Truck Co.	Detroit, Mich.	500		500								
Do.	B	do.		do.	Signal Motor Truck Co.	Grand Rapids, Mich.	500		500								
Do.	B	do.		do.	United Motors Co.	do.	500		500								
Total.							43,005	10,084	25,000	7,921	297	1,346	1,730	1,825	1,835	1,185	1,185
Packard	B	do.		do.	Packard Motor Car Co.	Detroit, Mich.	10,934	5,732	3,750	1,452	53	252	300	300	300	300	300
Heavy aviation.	B	do.		do.	United Motors Co.	Grand Rapids, Mich.	200	186		2	8	2					
Do.	B	do.		do.	Federal Motor Truck Co.	Detroit, Mich.	1,000	1,000		464	36	64	100	100	100	100	100
Do.	B	do.		do.	Kelly-Springfield Truck Co.	Springfield, Ohio.	2,225	1,761									
Do.	B	do.		do.	Standard Motor Truck Co.	Detroit, Mich.	250	238		12	27	12					
Do.	B	do.		do.	Velle Motors Corporation.	Moline, Ill.	1,000	828		172	128	172					

Vehicles standardized for overseas shipment—Continued.

Name.	Class.	Capacity.	Manufacturer.	Address.	Total ordered to Nov. 30.	Total com- pleted to Nov. 30.	Can- celed.	Bal- ance due.	Pro- duced Nov. 16-30.	Prospective deliveries—			
										Dec.	Jan.	Feb.	Mar.
Riker.....	B.....	4-ton.	Locomobile Co. of America.	Bridgeport, Conn.	3,690	1,765	1,500	425	75	125	200	100	
Pierce-Arrow.....	B.....	5-ton.	Pierce-Arrow Motor Car Co.	Buffalo, N. Y.	3,170	2,148	600	422	173	222	200		
Mack.....	B.....	5-ton.	International Motors Co.	New York, N. Y.	5,575	2,828	2,000	747	141	247	300	200	
Total.....					28,044	16,498	7,850	3,696	641	1,096	1,100	700	400
Four-wheel drive.....	T.T.....	2-ton.	Nash Motors Co.....	Kenosha, Wis.	14,684	8,914	4,000	1,780	338	400	800		
Do.....	T.T.....	do.	Hudson Motor Car Co.....	Detroit, Mich.	3,000	2,374	2,500	128	70	126			
Do.....	T.T.....	do.	National Motor Car & Vehi- cle Co.	Indianapolis, Ind.	3,000	285	1,000	1,715	105	215	300	350	500
Do.....	T.T.....	do.	Paige Motor Car Co.....	Detroit, Mich.	3,000	364	1,500	1,636	152	336	400	400	
Do.....	T.T.....	3-ton.	Four Wheel Drive Auto Co.	Clintonville, Wis.	7,150	4,789	1,000	1,381	443	411	475		
Do.....	T.T.....	do.	Mitchell Motors Corporation.	Racine, Wis.	5,023	1,196	2,000	1,837	230	327	400	400	300
Do.....	T.T.....	do.	Premier Motor Co.....	Indianapolis, Ind.	4,500	1,534	2,000	966	126	266	350	350	
Do.....	T.T.....	do.	Kissel Motor Car Co.....	Hartford, Wis.	3,500	1,116	1,500	884		284	300	300	
Total.....					43,857	19,562	15,000	10,295	1,514	2,855	3,115	2,275	1,250
Four-wheel drive.....	Winch.....	2-ton.	Nash Motors Co.....	Kenosha, Wis.	100	100							
Do.....	do.....	3-ton.	Four Wheel Drive Auto Co.	Clintonville, Wis.	800	383		417	1	117	100	100	100
Total.....					900	483		417	1	117	100	100	100
Cadillac limousine.....	Passen- ger.		Cadillac Motor Car Co.	Detroit, Mich.	1,043	296	647	100	39	100			
Cadillac open.....	do.		do.	do.	2,970	1,927	983	50	51	50			
Dodge, open.....	do.		Dodge Bros. Co.	do.	8,559	5,678			114	2,881			
Dodge, winter top.....	do.		do.	do.	3,201	2,404	797		93				
Ford, touring.....	do.		Ford Motor Co.	do.	20,201	6,577	13,624			2	2	2	2
Locomobile, limousine.....	do.		Locomobile Co. of America.	Bridgeport, Conn.	10	2		8					
Total.....					35,984	16,884	18,942	158	297	152	2	2	2
Cleveland.....	Motor- cycle.		Cleveland Motors Manufac- turing Co.	Cleveland, Ohio.	1,526	1,206		321	105	321			
Harley-Davidson.....	do.		Harley-Davidson Motorcy- cle Co.	Milwaukee, Wis.	26,487	13,774	11,000	1,713	480	1,713			
Indian.....	do.		Hendee Manufacturing Co.	Springfield, Mass.	39,870	16,927	21,000	2,243	1,900	2,243			
Total.....					67,883	31,606	32,000	4,277	2,185	4,277			

Harley-Davidson.....	Motocars.....	Harley-Davidson Motorcycle Co.....	Milwaukee, Wis.....	26,069	13,389	11,000	1,710	437	1,710		
Indian.....	do.....	Hendee Manufacturing Co.....	Springfield, Mass.....	39,124	15,530	21,000	2,594	724	2,000	594	
Total.....				65,223	28,919	32,000	4,304	1,161	3,710	594	
Military standard.....	Bicycles.....	Westfield Manufacturing Co.....	Westfield, Mass.....	36,002	21,095	13,500	1,407	1,478	1,407		
Do.....	do.....	Great Western Manufacturing Co.....	Laporte, Ind.....	16,250	3,252	12,000	968	1,636	968		
Do.....	do.....	Davis Sewing Machine Co.....	Dayton, Ohio.....	15,750	3,106	12,000	614	264	644		
Total.....				68,002	27,453	37,500	3,049	3,378	3,049		
Miscellaneous, American and foreign.....	A A.....	Overseas inventory.....		532	532						
Miscellaneous, foreign.....	A.....	Overseas purchase.....		605	605						
Miscellaneous, foreign ambulance.....	A.....	do.....		192	192						
Miscellaneous, foreign.....	B.....	do.....		1,603	1,603						
Do.....	Passenger.....	do.....		507	507						
Miscellaneous, American.....	Bicycles.....	Various dealers.....		900	900						
Total.....				4,339	4,339						

Vehicles for domestic distribution.

Commerces.....	AA.....	Commerces Motor Car Co.....	Detroit, Mich.....	1,548	1,548						
Ford trucks.....	AA.....	Ford Motor Co.....	do.....	2,494	2,474	20					
Total.....				4,042	4,022	20					
White, unstandardized.....	A.....	The White Co.....	Cleveland, Ohio.....	394	394						
Kelly-Springfield.....	A.....	Kelly-Springfield Motor Co.....	Springfield, Ohio.....	356	16	170	170	85	85		
Denby.....	A.....	Denby Motor Truck Co.....	Detroit, Mich.....	500	250	250	100	100	50		
International.....	A.....	International Harvester Co.....	Akron, Ohio.....	1,125	263	500	362	137	150	62	
Miscellaneous American.....	A.....	J. C. Wilson Co.....	Detroit, Mich.....	949	949	100	65	35	65		
Wilson.....	A.....	Moreland Motor Truck Co.....	Los Angeles, Cal.....	200	35	43	23	20	20		
Miscellaneous American ambulances.....	A.....			57	57						
Total.....				3,667	1,757	1,020	890	176	423	355	112
White.....	B.....	The White Co.....	Cleveland, Ohio.....	308	308						
Peerless.....	B.....	Peerless Motor Car Co.....	do.....	890	890						
Kelly-Springfield.....	B.....	Kelly-Springfield Motor Co.....	Springfield, Ohio.....	930	890	460	335	160	100	135	
Mack.....	B.....	International Motors Co.....	New York, N. Y.....	262	262		460	150	150	160	
Velle.....	B.....	Velle Motors Corporation.....	Moline, Ill.....	137	12	100	25		25		

Vehicles for domestic distribution—Continued.

Name.	Class.	Capacity.	Manufacturer.	Address.	Total ordered to Nov. 30.	Total completed to Nov. 30.	Cancelled.	Balance due.	Produced Nov. 16-30.	Prospective deliveries—			
										Dec.	Jan.	Feb.	Mar.
Gramm-Bernstein.....	B.....	34 tons..	Gramm-Bernstein Motor Truck Co.	Lima, Ohio.....	116	16	50	50	.....	50	.....	.....	.....
Federal.....	B.....	do.....	Federal Motor Truck Co.	Detroit, Mich.....	500	8	250	242	8	125	117	.....	.....
Standard.....	B.....	do.....	Standard Motor Truck Co.	do.....	397	87	150	150	82	150	50	.....	.....
Selden.....	B.....	do.....	Selden Motor Truck Co.	Richmond, N. Y.....	171	80	80	150	8	105	16	.....	.....
Republic.....	B.....	do.....	Republic Motor Truck Co.	Alma, Mich.....	260	17	125	141	14	120	23	.....	.....
Moreland.....	B.....	4 ton.....	Moreland Motor Truck Co.	do.....	40	17	.....	43	17	20	23	.....	.....
White.....	B.....	5-ton.....	The White Motor Co.	Cleveland, Ohio.....	48	48	.....	.....	.....	.....	.....	.....	.....
Plant.....	B.....	do.....	Plant Motor Co.	Detroit, Mich.....	45	60	.....	.....	.....	.....	.....	.....	.....
Hurlbut.....	B.....	do.....	Hurlbut Motor Car Co.	New York, N. Y.....	200	.....	100	100	.....	50	50	.....	.....
Federal.....	B.....	do.....	Federal Motor Truck Co.	Detroit, Mich.....	300	.....	150	150	.....	75	75	.....	.....
Miscellaneous American.....	B.....	3-5-ton.....	Federal Motor Truck Co.	.....	250	250	.....	.....	.....	.....	.....	.....	.....
Total.....	.....	.....	.....	.....	4,857	1,096	1,435	1,726	235	825	606	295	.....
Dodge, sedan.....	Passen-ger.....	.....	Dodge Bros. Co.....	Detroit, Mich.....	10	.....	10	.....	.....	.....	.....	.....	.....
Dodge, roadster.....	do.....	.....	do.....	do.....	550	175	375	.....	62	.....	.....	.....	.....
Ford, roadster.....	do.....	.....	Ford Motor Co.....	do.....	435	186	249	.....	.....	.....	.....	.....	.....
Ford, closed.....	do.....	.....	do.....	do.....	16	16	.....	.....	.....	.....	.....	.....	.....
Miscellaneous American.....	do.....	.....	.....	.....	958	958	.....	.....	.....	.....	.....	.....	.....
Total.....	.....	.....	.....	.....	1,969	1,335	634	.....	62	.....	.....	.....	.....

	Total ordered to Nov. 30.	Total com- pleted to Nov. 30.	Can- celed.	Bal- ance due.	Pro- duced Nov. 16-30.	Prospective deliveries.				
						Dec.	Jan.	Feb.	Mar.	Apr.
Class AA, 1-1 ton (overseas)...	8,227	2,909	.....	5,318	141	1,273	1,790	1,665	590	.....
Class AA, 1-1 ton (domestic)...	4,042	4,022	20	.....	.....	.....	.....	.....	.....	.....
Class AA, light delivery (over- seas).....	22,367	10,714	11,653	.....	217	.....	.....	.....	.....	.....
Class AA, ambulance (over- seas).....	17,853	11,571	3,928	2,354	146	1,054	750	550	.....	.....
Total AA.....	52,489	29,216	15,601	7,672	504	2,327	2,540	2,215	590	.....
Class A, 1 1/2 ton (overseas)....	26,146	10,636	11,900	3,610	797	1,160	1,100	1,200	150	.....
Class A, 1 1/2 ton (domestic)....	3,667	1,757	1,020	890	176	423	355	112	.....	.....
Class A, ambulance (overseas)...	192	192	.....	.....	.....	.....	.....	.....	.....	.....
Total A.....	30,005	12,585	12,920	4,500	973	1,583	1,455	1,312	150	.....
Class B, 3-5 ton (overseas).....	72,652	28,185	32,850	11,617	938	2,442	2,830	2,525	2,235	1,585
Class B, 3-5 ton (domestic)....	4,857	1,696	1,435	1,726	235	825	606	295	.....	.....
Total B.....	77,509	29,881	34,285	13,343	1,173	3,267	3,436	2,820	2,235	1,585
Class TT, 2-3 ton (overseas)...	44,757	19,045	15,000	10,712	1,515	2,972	3,215	2,375	1,350	800
Total trucks.....	304,760	90,727	77,806	36,227	4,165	10,149	10,646	8,722	4,325	2,385
Passenger cars (overseas).....	36,491	17,391	18,942	158	297	152	2	2	.....	2
Passenger cars (domestic).....	1,969	1,335	634	.....	62	.....	.....	.....	.....	.....
Total passenger cars.....	38,460	18,726	19,576	158	359	152	2	2	.....	2
Motorcycles (overseas).....	67,883	31,606	32,000	4,277	2,185	4,277	.....	.....	.....	.....
Bicycles (overseas).....	68,902	28,353	37,500	3,049	2,378	3,049	.....	.....	.....	.....
Total vehicles, overseas.....	365,470	160,602	163,773	41,095	9,614	16,379	9,687	8,317	4,325	2,387
Total vehicles, domestic.....	14,535	8,810	3,109	2,616	473	1,248	961	407	.....	.....
Total vehicles.....	380,005	169,421	166,882	43,711	10,087	17,627	10,648	8,724	4,325	2,387

1 Plus 500.

2 Minus 500.

3 Minus 2,300.

4 Plus 2,300.

Col. GLOVER. This sheet shows the grand total of vehicles ordered to be 380,005 (this figure does not include trailers); the total number completed as of December 1, 169,421; we canceled 166,882 of them, leaving 43,711 still to come, and they will come in these months, December, January, February, March, and April.

The CHAIRMAN. That is only as to motors?

Col. GLOVER. Yes, sir.

CANCELLATION OF CONTRACTS.

(See p. 117.)

The CHAIRMAN. And it is exclusive of horse-drawn vehicles?

Col. GLOVER. Yes, sir; for instance, of the cancellations, we were able to cancel 15,601 of the AA trucks. That is a light truck, a three-quarter ton truck. We have canceled 12,920 of the A trucks; that is a two-ton truck. We were able to cancel 15,500 of the 4-wheel drive trucks; we were able to cancel 34,285 of the B, 3 to 5 ton trucks; as to passenger cars we were able to cancel 19,576, and we have only 158 to come. The commercial manufacturers are going to take those back. In motorcycles, we were able to cancel 32,000—that figure has been changed to 29,700—and we have about 6,700 still to come; of bicycles we were able to cancel 37,500 and have only 3,049 to come.

The CHAIRMAN. When you speak of canceling, do you mean canceling without liability?

Col. GLOVER. No, sir; we estimate, as I remember, that it will cost us, roughly, about \$38,000,000 to clean up.

The CHAIRMAN. That represents what percentage of the cancellations?

Mr. DREFS. About 16 per cent.

The CHAIRMAN. It will be necessary to pay that 16 per cent for what causes?

Mr. DREFS. It will be necessary to pay it largely for special equipment. Take a Ford car. While they are able to use the car in its entirety, they may have had some of them painted an olive drab, and it will be necessary to repaint them black. In the case of a White truck they made an extraordinary radiator guard, which is not used commercially and which they will never use again. We have a lot of exceptional equipment, like pails, picks, hatchets, and so on, which they bought and contracted for and will not use; they have things like towing chains and innumerable other items like that, and as Col. Glover said before—searchlight equipment, fire extinguisher equipment, and a great deal of special stock that will never be used commercially, which will only be used for Army purposes and which the manufacturers could never dispose of commercially.

The CHAIRMAN. In paying that 16 per cent, does it mean that you retain these various things for which there is no commercial use, or does it mean that you pay, on a rough average, about 16 per cent and they keep them for what they may be worth?

Mr. DREFS. In a great many instances people created special facilities, and our \$38,000,000 settlement will include taking that factor into account. It will take into consideration the surplus of parts created. Take the White trucks. We contracted with them and got them up to a production of approximately 1,000 monthly, and they concentrated entirely on one model. They go into the commercial field and sell 150 of those trucks—that is, of that particular model—monthly, but in the meantime they have contracted for parts running them into March or April, and while they can shut some off they can not shut all off. We find the steel market declining, and they are able to go out to-day and purchase some parts at a 10, 15, or 20 per cent reduction, so that in settling with them we will have to let them buy back, at a nominal discount, the material which they will use and continue to hold for the period of a year in many instances.

Col. GLOVER. There will be a great many things that we will get back and for which we can not get the manufacturer to pay us a fair price. The Government will keep them and try to dispose of them.

The CHAIRMAN. What disposition has been shown on the part of the truck manufacturers touching cancellations?

Mr. DREFS. I think a very fair-minded view, and we have not had much difficulty. We have had a staff of men in the field investigating the situation, and from our observations they are very glad to get things cleaned up promptly and at a minimum of expense to the Government.

CONTRACTS REQUIRING CONGRESSIONAL ACTION TO VALIDATE.

The CHAIRMAN. To what extent have you contracts, verbal or irregularly written, which will require congressional action in order to fully validate them?

Mr. DREFS. I believe Col. Glover can answer that.

Col. GLOVER. We have a great number of them, and the reason is this: Of course, the contracts that we could cancel the easiest were the ones which were given latest and on which no work had been started. Therefore, when the armistice was signed, it caught us with about three or four weeks' work where we had told the manufacturers, under this pressure, to go ahead, and they have gone ahead and gotten busy. Then the armistice was signed, and those contracts were not properly made, so that we have a tremendous number of orders given in the last few weeks for which there are no formal contracts, and we have a great many contracts affected in that way.

The CHAIRMAN. In those cancellations has there been any acquittance to the Government by the manufacturers?

Col. GLOVER. No, sir. When I say these contracts are canceled, I mean, of course, that the manufacturers have agreed to cancellations, and this \$38,000,000 is our guess as to what it will cost us to clean up the matter; but it is simply a guess.

METHOD ADOPTED IN HANDLING CANCELLATION OF CONTRACTS.

(See p. 175.)

The CHAIRMAN. What machinery have you created for the handling of this matter of the cancellation of contracts?

Col. GLOVER. In the first place, Col. George and myself have charge of the matter, Mr. Drefs being the head of our administrative division. Col. George and I do the dickering with the manufacturers in so far as the number of contracts that we cancel are concerned; we handle that end of it, what you might call the business end of it. Then, when it comes to the financial end of it, that is left to Mr. Drefs, who has had a great deal of experience in making settlements. He sends his auditors out and they audit through our district officers. If Mr. Drefs O. K.'s a settlement he makes that recommendation to us and it goes to the district officer in that district; he goes over it and O. K.'s it, and then it will come in to us, with Mr. Drefs's O. K. on it as well as the O. K. of the different men who have handled it. We then go over it and recommend the settlement to the board of review.

The CHAIRMAN. By the board of review you mean the board that was created under the Division of Purchase, Storage and Traffic?

Col. GLOVER. Yes, sir. Those boards are still extant, I believe, and one is under the director of purchase and storage, and the other board, the superior board, is under Gen. Goethals, Director of Purchase, Storage and Traffic. The major items will go to the superior board and the minor ones to the other board.

The CHAIRMAN. Assuming that contracts which may now be held to be irregular and, therefore, not technically binding on the Government, but which, in good conscience, are binding, should be given a full legal status, to what extent and how soon do you think the Government could clean up their adjustment and settlement?

Col. GLOVER. By about the last of March. What do you think about that, Mr. Drefs?

Mr. DREFS. I would say that by February 15 we will have 80 per cent of our contracts cleaned up, and the 20 per cent will be those where the contractor is disposed to ask more than we think he is justified in getting, and that will probably prolong the settlement.

Col. GLOVER. We are having a little trouble with subcontractors, who are sending in bills for more than they are entitled to have. For instance, one man, that Mr. Drefs called to my attention, sent in a bill for \$3,900, which includes some tools and jigs. We have no control over this man because we have no contract with him; but as this was a third order for the same thing, there is no reason in the world for charging us with tools and jigs, in view of the fact that he has already had two repeat orders. Things like that will take some time, but I think by the 1st of April we will have 85 per cent cleaned up, so that our department, when we go home, can run along on a peace basis. It will all be pretty well cleaned up by April 1, and possibly by March 1.

ENGINEER CORPS.

The CHAIRMAN. Your statement shows that for the Engineers \$24,843,152.15 has been appropriated and the same amount either disbursed or obligated. The table further indicates that all obligations will have to be met and that there will be no available balances, no additional cash needs, and nothing to cover into the Treasury.

Mr. DREFS. That is correct.

The CHAIRMAN. How much of that \$24,843,152.15 represents actual disbursements?

Mr. DREFS. I would say, roughly, about 30 per cent.

The CHAIRMAN. Then how comes it that something like \$16,000,000 worth of contracts have to be carried out in their entirety?

Mr. DREFS. I had better revise that estimate and make it 60 per cent.

The CHAIRMAN. What do you mean? Do you mean that 60 per cent of this money has been paid?

Mr. DREFS. Yes. When you are referring to Engineer contracts, I have had so little to do with it that my statements to you are largely based on the production that I know has been made under the contracts and not on the dollars and cents amount.

The CHAIRMAN. Who is prepared to tell us about that?

Col. GLOVER. I can not tell, and for this reason: While the trucks may have been originally bought for the Engineers, when they get them we do not know whether they are Engineer trucks or not. We turn them over and the Army disposes of them, some to the Engineers and some to the other divisions. For that reason I can not tell you about that Engineer matter.

Mr. DREFS. I think my statement is approximately correct, and one of the reasons why a large amount of money is needed to clean up those contracts is that one of the large ones, with the International Motors Corporation, for motor trucks, is a contract that can not be canceled without three months' notice; there is some clause in the contract to that effect, specifying 3 or 4 months' notice. That contract will continue and there will be large expenditures made.

The CHAIRMAN. That is assuming the contractor wants to stick by the letter of his contract?

Mr. DREFS. He apparently does, because we did cancel all subsequent contracts.

The CHAIRMAN. With the same company?

Mr. DREFS. With the same company, yes. The contract, as I say, is noncancellable, and it was augmented by an additional contract for 2,000 of the same vehicles, vehicles which were thought very desirable for a certain class of engineer work in France.

Col. GLOVER. The contract Mr. Drefs is talking about was with the International Motors Corporation and we had an order with them for 5,575, and we canceled 2,000, they having completed, December 1 practically 3,000 of them. That is the Mack truck, but the engineers got some of the Nash and four-wheel drive trucks, I think, and every time an Army transport company wanted trucks they gave them to them, and how they are charged in the appropriation I do not know.

The CHAIRMAN. What I am struck with is this fact: The table presented here shows that for Aircraft, Engineers, Medical Corps, Signal Corps, and Chemical Warfare Service, all that has been appropriated has been obligated or spent, and, to the extent that it has not been spent, it will have to be, and I wondered whether somebody had just fixed up this general statement so as to show the quartermaster funds being very largely turned back into the Treasury, and these other corps funds being all spent.

Col. GLOVER. I can explain that to you. It looks that way because it was all spent as a distinct and separate item and spent prior to the formation of the office of Director of Purchase, Storage and Traffic. They were contracted for away back, and it is the same as those light and heavy aviation trucks; they had been working under those contracts and they were practically completed, and when we made a new contract it did not go in as Aircraft Production, but went in under Quartermaster or Purchase, Storage and Traffic. That is the reason it was all spent, because it was all done last spring or last winter, while all of our cancellations relate to orders given within the last three or four months and where manufacturers had not made any production and, therefore, we can cancel.

Capt. CLARK. And along that same line, the Engineer Corps, the Medical Corps, the Signal Corps, and Chemical Warfare Service simply allotted a sufficient amount to take care of their obligations.

Col. WOLFE. They have allotted for this purpose only a sufficient amount to take care of the outstanding contracts and they will look to the motor and vehicle division in the future for these things.

The CHAIRMAN. If I understand, they made certain contracts and then when the consolidation was made they gave you the money with which to take care of those contracts, ceased to make any more contracts and ceased to allot out of any of their funds any moneys for any additional requirements they might have, expecting to have those additional requirements met from the vehicles that would be procured out of appropriations made to the Quartermaster Corps.

Col. GLOVER. That is it exactly.

CHARACTER OF MOTOR EQUIPMENT PURCHASED FOR ENGINEER CORPS.

The CHAIRMAN. What was the character of motor equipment you purchased for the Engineers other than that which was assigned to all the corps?

Col. GLOVER. The main item was that of dump bodies, which require a shorter frame on the chassis, so that they will dump properly. The Engineers, in their work, required a great many dump bodies. That was the principal distinction, although they had a great many winches on their trucks, and things of that kind.

MEDICAL DEPARTMENT.

AMBULANCES.

The CHAIRMAN. For the Medical Department \$27,925,393.45 seems to have been appropriated and the same amount disbursed or obligated. Apparently here, as in the two previous instances, you must meet the obligations in toto.

Mr. DREFS. That is right.

The CHAIRMAN. Were these all ambulances?

Mr. DREFS. Yes; they were all ambulances.

The CHAIRMAN. To what extent have these ambulances been delivered and how many are still in process of manufacture?

Mr. DREFS. There are still in existence some 7,500 AA chassis and bodies to be taken care of from that amount; those trucks will all be completed by, I believe, the 1st of February.

Col. GLOVER. No; there are a few which will be completed in March, about 500 of them.

SHIPPING OVERSEAS.

The CHAIRMAN. Colonel, are you to any extent shipping overseas?

Col. GLOVER. We are shipping practically nothing. Cables come in wanting us to ship something and we are shipping a little this month, but practically nothing from now on, except spare parts. There are about 6,000 tons of spare parts to go this month and 6,000 tons to go next month in order to repair the vehicles now there. However, very few trucks will be shipped from now on.

The CHAIRMAN. To what extent, if at all, were these funds used for passenger automobiles for these various bureaus?

Mr. DREFS. For Aircraft, Engineers, Medical Corps, Signal Corps, and Chemical Warfare Service the amount appropriated for passenger cars was very nominal. In so far as I recollect, the Quartermaster Corps purchased virtually all of the passenger cars and turned them over to the other corps.

SIGNAL CORPS.

The CHAIRMAN. For the Signal Corps proper there seems to have been appropriated, and either disbursed or obligated, \$2,601,175.97.

Mr. DREFS. That is correct.

The CHAIRMAN. Most of that was carried in the recent deficiency act, was it not?

Mr. DREFS. Apparently, yes, sir; as would appear from the statement, this was to take care of obligations that were already assumed and which they were unable to meet out of their 1918 funds.

Capt. CLARK. That happened in this way: There should not have been an estimate in the Signal Corps figures asking for this money, but they apparently got that amount of money for that purpose in the deficiency act and it was turned over.

The CHAIRMAN. How comes it, then, that all of it seems to be obligated and as necessary to be disbursed.

Mr. DREFS. Capt. Clark can answer that phase of it because he prepared that statement.

Capt. CLARK. That was prepared on the strength of data received from the Signal Corps, which we will put into the record.

The CHAIRMAN. But does it not almost necessarily follow that that money is not obligated?

Capt. CLARK. Yes.

Col. WOLFE. Has it been turned over?

Capt. CLARK. That is the Signal Corps' statement.

Mr. DREFS. I do not think that money has been turned over myself, but I am not connected with the office of the director of finance; but I do not think that money has been turned over.

Col. WOLFE. We will find that out definitely for you and put it into the record.

Under the appropriation "Signal Service of the Army, 1919," \$2,601,175.97 is a portion of an allotment set aside for the purchase of motor vehicles; of that amount \$1,491,727.87 was transferred to the Motor Transport Corps.

The Motors and Vehicles Division advise that the amount turned over to the Motor Transport Corps (\$1,491,727.87) can be released and returned to the Treasury providing that the additional cash needs of \$27,533,400.92 which is set forth in the schedule of the Motors and Vehicles Division is not reduced.

CHEMICAL WARFARE SERVICE.

The CHAIRMAN. There is a very small sum for the Chemical Warfare Service, \$52,226.12. Did that come from the Ordnance people to you for the benefit of the Chemical Warfare Service or did it come out of the Medical Department to you for them or did it go direct to them after they were created?

Col. WOLFE. There is a memorandum here to the effect that the Chemical Warfare Service did not get any direct appropriation of this nature; that a part of the funds of the Ordnance Department were transferred to it and a part of the funds of the Medical Department transferred to it.

The CHAIRMAN. But they did get money direct in the last deficiency act.

Col. WOLFE. Yes; but this represents the part that was taken from Ordnance and the part that was taken from the Medical Department for their motor transport work.

QUARTERMASTER CORPS.

The CHAIRMAN. Now, the Quartermaster Corps seems to have gotten for the fiscal year 1917-18 and for the fiscal year 1918 a total of \$269,292,098.62, of which there has been either disbursed or obligated \$272,414,058.45, of which amount \$168,886,109.83 seems to be the actual disbursement.

Mr. DREFS. That is correct.

The CHAIRMAN. The statement further indicates that there was an overobligation of this appropriation for 1918 of \$3,121,959.83.

Mr. DREFS. That is right.

The CHAIRMAN. So that, manifestly, there is no free balance out of those funds?

Mr. DREFS. That is right.

The CHAIRMAN. Now, for the fiscal year 1919 there seems to have been appropriated \$509,873,925.27, of which \$393,348,861.69 has been either disbursed or obligated?

Mr. DREFS. Yes, sir.

The CHAIRMAN. And, according to the next column of the statement, \$49,680,870.71 has been disbursed.

Mr. DREFS. Yes, sir; that is correct.

The CHAIRMAN. Now, that would show over disbursements and obligations a total available balance of \$116,525,063.58.

Mr. DREFS. That is correct.

ADDITIONAL CASH NEED FOR BALANCE OF FISCAL YEAR.

The CHAIRMAN. And an estimated additional cash need of \$27,533,400.92.

Mr. DREFS. That is correct.

The CHAIRMAN. Which would indicate, taking the statement at its face, that there was an actual free balance of \$88,991,662.66 which can be covered into the Treasury.

Mr. DREFS. That is correct.

AUTO REPAIRING.

(See p. 183.)

The CHAIRMAN. Now, what is the explanation to be had of the need for \$27,533,400.92 for the balance of this fiscal year?

Mr. DREFS. Taking the various items, it is estimated we must have \$4,130,010.14 for auto repairing. That is for automobiles in existence, and, as Col. Glover stated, the demand from overseas for spare parts continues. We are getting from the Motor Transport Corps requisitions continuously to make such repairs. In the same manner, the other items will be purchased largely on contemplated requisitions from the Motor Transport Corps.

TRUCK REPAIRS.

The CHAIRMAN. You seem to want \$22,026,720.73 for truck repairs.

Mr. DREFS. Yes, sir.

The CHAIRMAN. What is the value of the trucks you have in the service?

Mr. DREFS. My estimate of the value of the trucks in the service would be half a billion dollars.

The CHAIRMAN. That can not be a very accurate estimate. You have only had half a billion dollars for all kinds of vehicles.

Mr. DREFS. There were quite a few in the service before.

The CHAIRMAN. Not a great many before the war broke out.

Mr. DREFS. But do not forget that the Ordnance Corps figures are not here, and they must be taken into consideration.

The CHAIRMAN. Do you repair their trucks?

Mr. DREFS. Yes, sir; we are repairing all of them.

The CHAIRMAN. Their trucks were figured in here, were they not, except those that related directly to ordnance material?

Mr. DREFS. Yes, sir. The half billion dollar estimate I gave you included all vehicles, whether the Ordnance Corps, the Signal Corps—

The CHAIRMAN (interposing). You do not repair out of this fund the trucks that are connected with the Field Artillery? I do not mean the ordinary trucks, but I mean their specially motorized vehicles in the way of limbers, caissons, etc.

Mr. DREFS. We repair everything except the caterpillar tractors. We repair all other motor vehicles. I think General Order No. 75 will define what it is. It is everything except tractors of the caterpillar type. We repair all motor vehicles of the Motor Transport Corps, but the purchases are made through the Motors and Vehicles Division.

The CHAIRMAN. The most of what you call repairing consists in supplying reserve parts?

Mr. DREFS. Yes, sir; spare parts.

The CHAIRMAN. You have more spare parts than you know what to do with, have you not?

Mr. DREFS. No, sir; on the contrary, as Col. Glover indicated, 6,000 tons for this month and 6,000 tons for next month have already been cabled for.

The CHAIRMAN. The principal part of our contract obligations, which we have not touched on are contract obligations for repair parts?

Mr. DREFS. That is to some extent true?

The CHAIRMAN. To quite a considerable extent in many instances.

Mr. DREFS. The spare parts constitute a nominal sum as compared with the value of the trucks and passenger cars.

REPAIR OF AUTOMOBILES.

(See p. 182.)

The CHAIRMAN. Taking your next item, are you going to spend \$4,000,000 for the repair of automobiles?

Mr. DREFS. That is estimated; yes, sir.

The CHAIRMAN. Don't you think the better remedy would be to quit running most of them?

Mr. DREFS. A good many of them are over in France.

The CHAIRMAN. Yes, and there are quite a few scattered around in America.

Mr. DREFS. That is true.

Lieut. BAYNE. The best estimate on spare parts for the next seven months is based on what has been required for the past five months.

The CHAIRMAN. Do you think that is a fair basis?

Lieut. BAYNE. I think it will be greater in the next six months than is indicated by the actual amount used in the last five months. I think it will run more.

Col. GLOVER. That is because they have not had the time to repair them. They have been running them 24 hours every day over there, and they have worn them out to quite an extent. They have not had time to stop and repair them. Now they will take them into the shops and overhaul them, and that, of course, will mean a tremendous amount of repairing.

The CHAIRMAN. Of course, that statement would be patent as to the repairs made necessary because of previous wear and tear, but, touching the future use of the vehicles, ought it not to be much lighter?

Col. GLOVER. Yes, sir; but it will take five or six months to repair the trucks. They called for 6,000 tons for next month. That is, of spare parts, and the cost is about 40 cents per pound. That means over \$4,000,000 for spare parts in a month, and that is only for the overseas. Now, there is a tremendous amount of domestic work to be done.

The CHAIRMAN. I may be wrong about it, but what I have in mind is that necessarily out of the large quantities of stocks that you have on hand and that you are going to have to accumulate as a result of orders that you can not cancel, there will come a very large part, if not all, of the spare parts required.

Col. GLOVER. To illustrate, when I took up the cable giving priorities to the shipment of spare parts for January, by checking the stocks we had against what we had to ship we found that we had, as I remember it now, about 1,200 tons of spare parts to order in order to ship the particular kinds that they wanted. We have no control whatever over what they ask for or cable for. When we get a cable signed by Pershing or Harbord we have to go out and get it for them. We do that unless we see something that is obviously wrong about it. If there seems to be something obviously wrong about it we send a cable asking if there is not some mistake. We have no choice in the matter, but we are supposed to go out and get it.

MOTOR CYCLE REPAIRS.

The CHAIRMAN. You have an item in here of \$1,376,670.05 for motorcycle repairs.

Mr. DREFS. That is correct.

The CHAIRMAN. You have not anything for bicycles? I suppose they do not want to ride good bicycles, but want to repair bad motorcycles.

Mr. DREFS. There seems to have been no separate appropriation numbers for the repair of bicycles and for the repair of motorcycles. The repair of bicycles is really merged with the other.

Col. GLOVER. A bicycle costs only \$34, and the spare parts are not a great item.

Mr. DREFS. We are attempting to settle our contracts, and we are offering back and selling back to our contractors as much material as possible.

The CHAIRMAN. In order to go and buy it again?

Mr. DREFS. No, sir.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. Going back to your contracts, you have unpaid obligations of \$343,667,990.98, and you estimate that it will require \$113,196,390.82 to meet them.

Mr. DREFS. Yes, sir.

The CHAIRMAN. Leaving \$230,471,600.16 as an additional sum that can be covered into the Treasury?

Mr. DREFFS. That is correct.

The CHAIRMAN. In the detail of the \$230,000,000 I notice that you are saving on auto repairs \$2,010,000. That means spare parts. What is the total of your unpaid obligations for auto repairs?

Lieut. BAYNE. That statement of saving by cancellation of the \$208,000,000 at the time the statement was made up last night. I objected myself to being tied down to the exact apportionment of the \$208,000,000 which we are saving in cancellation as to specific items.

The CHAIRMAN. You mean that the \$208,000,000—

Lieut. BAYNE (interposing). \$208,000,000 for the motor-drawn vehicles and \$22,000,000 for the horse-drawn vehicles that we are relieved of the obligation of through cancellation was not itemized at the time. The basis of the division and the items was in proportion to the original obligations.

The CHAIRMAN. It was a percentage basis?

Lieut. BAYNE. Yes, sir.

The CHAIRMAN. And the percentage was how much?

Lieut. BAYNE. As I recall, 80 per cent of the trucks, because 80 per cent of the total obligations was trucks.

The CHAIRMAN. Twenty per cent saved?

Lieut. BAYNE. No; 80 per cent of the \$208,000,000 would be canceled.

The CHAIRMAN. Eighty per cent of your spare parts?

Lieut. BAYNE. No; you get a different angle entirely from that which I am trying to indicate; \$208,000,000 is canceled out of the \$281,000,000 obligated, that is, out of the total appropriation. In dividing the \$208,000,000 we are canceling a pro rata amount which we have supplies against each of these items, trucks, repairs for trucks—both cars and repairs are arrived at on a percentage basis, not as individual items. The division of the \$208,000,000, the particular item that you are speaking of, auto repairs, \$2,010,000 cancellations out of \$4,000,000 obligated, it may be there will not be a complete \$2,000,000.

The CHAIRMAN. I understand that it is all speculative. You have indicated what I have been trying to get at. You are going to take \$2,000,000 for additional repairs of automobiles and are going to have to take the spare parts?

Lieut. BAYNE. Yes, sir.

The CHAIRMAN. Now you figure that you have to spend \$4,000,000 for spare parts for repair of automobiles. That would indicate that, excluding the spare parts you have on hand and which have been paid for by actual disbursements, you are going to get \$2,000,000 more worth of them and are going to spend \$4,000,000 additional on them; and exclusive of your stock on hand you are going to spend \$6,000,000 in spare parts for automobiles?

Lieut. BAYNE. No; we are going to save \$2,000,000 of the first \$4,000,000.

The CHAIRMAN. That leaves \$2,000,000 that you take?

Lieut. BAYNE. Yes, sir.

The CHAIRMAN. And in addition to that you are going to spend \$4,000,000 more?

Lieut. BAYNE. That is the appropriation estimated for the next seven months.

The CHAIRMAN. That makes \$6,000,000 worth of spare parts for automobiles for a year?

Lieut. BAYNE. No; not for a year.

Mr. DREFFS. That would be all right if you were dealing with only one kind of spare parts.

The CHAIRMAN. I understand.

Mr. DREFFS. We have a variety of designs.

The CHAIRMAN. We are dealing with them all here now. In view of that fact, do you not think that your estimate of \$4,000,000 as an additional expenditure for the balance of this year is excessive?

Lieut. BAYNE. In view of the figures, I would say yes, but in view of the actual use—if you operated motor cars and have them in quantities and had to make repairs for both motors and trucks at \$4,000,000, considering the number for the next seven months, I do not think it is very high.

The CHAIRMAN. You figure a saving of \$12,000,000 from the cancellation of contracts, how much will you have to take in the way of spare parts?

Lieut. BAYNE. \$10,000,000.

The CHAIRMAN. You have been figuring that you will spend \$32,000,000 worth of spare parts in truck repairs?

Lieut. BAYNE. A large portion of that is already used.

The CHAIRMAN. No; none of it. The \$10,000,000 of spare parts you are going to have to take; you have not gotten them yet.

Lieut. BAYNE. The only way you can arrive at whether that is fair or not is by the requirements.

The CHAIRMAN. I am wondering whether anybody stopped to consider in making up this table of \$27,500,000 that you intend to spend what you are going to get out of the contracts that you were bound to carry through.

Lieut. BAYNE. There might be a possible saving by reason of the basis of the seven months that we estimated.

The CHAIRMAN. Has anybody any figures as to the number of trucks, automobiles, motor cycles, and bicycles that are in the service in the United States?

Col. GLOVER. The Motor Transportation Corps would have to give you that information; they are in charge of that.

Col. WOLFE. Here is a statement.

NUMBER OF TRUCKS, AUTOMOBILES, MOTOR CYCLES, AND BICYCLES IN
THE DISTRICT OF COLUMBIA.

The CHAIRMAN. This statement shows that in Washington you have 142 motor cycles, 43 roadsters, 211 touring cars, 184 trucks, 19 busses, 8 limousines, and 3 bicycles. What have you to say, Colonel, in justification of the need of that amount of equipment here in Washington?

Col. NOBLE. They are necessary to meet the local demands. I know they have cut down the number of cars of all kinds since they put into effect what is known as the taxi service, and they are still reducing the number.

The CHAIRMAN. Do you know what it costs to maintain this equipment?

Col. NOBLE. No, sir; I have nothing to do with that.

The CHAIRMAN. Has anybody any figures on that?

Lieut. BAYNE. No, sir.

Mr. DREFFS. The Motor Transport Corps, Maintenance Division, will probably have the figures on the cost of operating them.

The CHAIRMAN. What is the plan that is in operation touching the use of these vehicles?

Col. NOBLE. All officers of the rank of major and above are furnished with a card similar to that [exhibiting] which entitles them to call for a car on official business. Now, for instance, this morning I was directed to report up here. I went to a booth and turned in that card and the man gave me a car. That car was allowed to remain here 15 minutes, and at the end of that time must return to the station from whence it came. All officers under the rank of major have to go to the chief of their respective departments and get a pass or permit to travel in a car on official business.

The CHAIRMAN. To what extent are those cars in use under this system; is the demand sufficient to keep this number of cars running?

Col. NOBLE. I think so, although I do know that each month the number is reduced. They keep a record of the travel. That is recorded on a blank showing just who used the car and from what time and where it went. It is my understanding that the chief of each staff department has assigned for his use a car subject to his orders at all times.

The CHAIRMAN. Please place in the record the order covering the taxicab service.

Col. WOLFE. Yes, sir.

GENERAL INFORMATION RELATING TO THE ARMY MOTOR SERVICE, MOTOR TRANSPORT CORPS, UNITED STATES ARMY, WASHINGTON, D. C.

[Issued Nov. 1, 1918. Revised Dec. 5, 1918.]

1. The Army Motor Service of the Motor Transport Corps furnishes two classes of passenger motor service for the use of officers of the United States Army on duty in the District of Columbia, for official business only, as follows:

(a) *Bus service.*—Operated between 9 a. m. and 5 p. m. over regular routes on fixed time schedules. This service is restricted to the use of officers and to such enlisted men and male civilians, messengers excepted, as may be furnished with motor bus trip tickets, Form MTC-332.

(b) *Special motor car service on call.*—This service is available between 9 a. m. and 4.30 p. m. only for such uses as can not be met by the bus service. To be entitled to this service officers are required to present to the dispatcher either an identification pass, Form MTC-328, or a trip ticket, Form MTC-333. Special call motor service can be obtained also by telephoning Army Motor Service, War Department, branch 4620.

2. The chiefs of bureaus will appoint the officers definitely responsible for the issuing of motor transportation tickets to the personnel within their respective bureaus. Written notice of such appointments should be given to the chief, Motor Transport Corps. Transportation tickets will not be honored unless authenticated by these officers. Supplies of blank transportation tickets will be furnished by the motor transport officer, on written request, signed by the bureau authenticating officer previously referred to.

3. Officers above the rank of captain requiring motor service in the line of their official duties may have issued to them, on the recommendation of the chief of their bureau, an Army Motor Service identification pass, which will entitle them to call motor service any day or time, for official business only, within the District of Columbia.

4. Captains and officers of lower rank will be required to procure for each call motor service trip a trip ticket from the officer designated by the chief of each bureau to act in this capacity. This trip ticket will be stamped with designation of the department or corps, and the date of issue, and will be valid for service to be rendered only one that date. If stops exceeding 15 minutes are necessary, the car will not

wait, but another car may be called when needed. Separate trip tickets will, however, be required for each car so used.

5. The officer being furnished with call motor service before beginning the trip will be required to sign the trip ticket with his name, rank, and pass number if he possesses one.

6. Advance orders will not be placed more than 30 minutes before the time the service is needed. Fifteen minutes is usually sufficient time. Except in cases of emergency, or urgent official business, cars will not be used before or after business hours. Passengers will not hold cars waiting for more than 15 minutes at any time, but must discharge the car and order another car when it is needed.

7. Dispatchers and drivers of cars are not permitted to depart from these regulations, and it will be necessary for all officers using this service to be governed accordingly.

8. The bus routes and trip time schedules are as follows:

ROUTE A.

Description of route—From F Building, via buildings C, E, B, D, and A, State, War, and Navy Buildings, to Munitions Building, and returning by the same route.

Frequency of service—Every 6 minutes, beginning on the hour.

Time schedule—The time schedule for the terminals and principal intermediate stations are as follows:

F Building.	State, War and Navy Building.	Munitions Building.	State, war, and Navy Building.	F Building.
A. M.	A. M.	A. M.	A. M.	A. M.
9.00	9.10	9.15	9.20	9.30
9.06	9.16	9.21	9.26	9.36
9.12	9.22	9.27	9.32	9.42
9.18	9.28	9.33	9.38	9.48
9.24	9.34	9.39	9.44	9.54
9.30	9.40	9.45	9.50	10.00
9.36	9.46	9.51	9.56	10.06
9.42	9.52	9.57	10.02	10.12
9.48	9.58	10.03	10.08	10.18
9.54	10.04	10.09	10.14	10.24

And similarly every hour thereafter. Last round trip leaves F Building at 5 p. m.

ROUTE B.

Description of route.—From State, War, and Navy Building, via buildings C, F, B, A, B, D, and E, to Army War College, and returning by the same route.

Frequency of service.—Every hour, beginning on the hour.

Time schedule.—The time schedule for the terminals and principal intermediate stations are as follows:

State, War, and Navy Building, 9.10 a. m., 10 a. m.

F Building, 9.17 a. m., 10.07 a. m.

Army War College, 9.30 a. m.; arrive 10.20; leave 10.30.

F Building, 9.43 a. m., 10.43 a. m.

State, War, and Navy Building, 9.50 a. m., 10.50 a. m.

And similarly every hour thereafter. Last round trip leaves State, War, and Navy Building at 4 p. m.

A special service is furnished between the Army and Navy Club and the Army War College, leaving the former at 8.30 a. m. daily.

ROUTE C.

Description of route.—From Munitions Building, via State, War, and Navy Building, and Bureau of Standards, to American University and returning by same route.

Frequency of service.—Every hour beginning on the hour.

Time schedule.—The time schedule for the terminals and principal intermediate stations are as follows:

Munitions Building, 9 a. m.

State, War, and Navy Building, 9.05 a. m.

Bureau of Standards, 9.20 a. m.

American University, arrive 9.25 a. m.; leave 9.30.

Bureau of Standards, 9.35 a. m.

State, War, and Navy Building, 9.50 a. m.
 Munitions Building, 9.55 a. m.
 And similarly every hour thereafter. Last round trip leaves Munitions Building at 4 p. m.

ROUTE D.

Description of route.—From D Building to Bolling Field, and returning by same route.

Frequency of service.—Every hour, beginning 15 minutes after the hour.

Time schedule.—The time schedule for the terminals and principal intermediate stations are as follows:

D Building.	Bolling Field.		D Building.
	Arrive.	Leave.	
A. M.	A. M.	A. M.	A. M.
8.15	8.30	8.32	8.50
8.55	9.10	9.15	9.35
9.45	10.05	10.15	10.35
10.45	11.05	11.15	11.35
11.45			
P. M.	P. M.	P. M.	P. M.
12.45	12.05	12.15	12.35
1.45	1.05	1.15	1.35
2.45	2.05	2.15	2.35
3.45	3.05	3.15	3.35
4.45	4.05	4.15	4.35
	5.05	5.15	5.35

ROUTE E.

Description of route.—From Munitions Building, via State, War, and Navy Building, buildings C, F, B, A, D, and E, Capitol, and Union Station, to Washington ordnance base depot, First and K Streets NE., and returning by same route.

Frequency of service.—Every 30 minutes, beginning on the hour and half hour.

Time schedule.—The time schedule for the terminals and principal intermediate stations are as follows:

Munitions Building, 9.00 a. m., 9.30 a. m.; State, War, and Navy Building, 9.05 a. m., 9.35 a. m.; A to F Building, 9.15 a. m., 9.45 a. m.; Union Station, 9.20 a. m., 9.50 a. m.; First and K Streets NE., arrive 9.25, leave 9.30; arrive 8.55, leave 10.00 a. m.; Union Station, 9.35 a. m., 10.05 a. m.; A to F Building, 9.40 a. m., 10.10 a. m.; State, War, and Navy Building, 9.50 a. m., 10.20 a. m.; Munitions Building, 9.55 a. m., 10.25 a. m.

And similarly every hour thereafter. Last round trip leaves Munitions Building at 4.30 p. m.

ROUTE F.

Description of route.—From Munitions Building via State, War, and Navy Building, Arcade Building to Walter Reed Hospital, and returning by same route.

Frequency of service.—Every one and one-quarter hours, as indicated.

Time schedule.—The time schedule for the terminals and principal intermediate stations are as follows:

Munitions Building.	State, War, and Navy Building.	Arcade Building.	Walter Reed Hospital.	Arcade Building.	State, War, and Navy Building.	Munitions Building.
A. M.	A. M.	A. M.	A. M.	A. M.	A. M.	A. M.
9.00	9.05	9.20	9.35	9.50	10.05	10.10
10.15	10.20	10.35	10.50	11.05	11.20	11.25
11.30	11.35	11.50				
P. M.	P. M.	P. M.	P. M.	P. M.	P. M.	P. M.
12.45	12.50	1.05	12.05	12.20	12.35	12.40
2.00	2.05	2.20	1.20	1.35	1.50	1.55
3.15	3.20	3.35	2.35	2.50	3.05	3.10
4.30	4.35	4.50	3.50	4.05	4.20	4.25
			5.05	5.20	5.35	5.40

9 Permanent stations for the dispatching of call motor service are operated between 9 a. m. and 5 p. m. at the following locations:

- No. 1. Chief dispatcher, 1044 Munitions Building.
- No. 2. B Building, southeast corner, on Sixth Street.
- No. 3. D Building, Four-and-a-half Street entrance.
- No. 4. A Building, northwest corner, on B Street.
- No. 5. F Building, Seventh Street entrance.
- No. 6. C Building, northwest corner, on Seventh Street.
- No. 7. State, War, and Navy Building, Pennsylvania Avenue entrance.
- No. 8. State, War, and Navy Building, Seventeenth Street entrance.
- No. 9. (Vacant).
- No. 10. Munitions Building, inside east entrance, on B Street.
- No. 11. Munitions Building, inside main entrance, on B Street.
- No. 12. Munitions Building, inside west entrance, on B Street.
- No. 13. Arcade Building, Fourteenth and Park Road.
- No. 14. (Vacant.)
- No. 15. (Vacant.)
- No. 16. E Building, Sixth Street entrance.

10. Complaints or suggestions in connection with the Army Motor Service should be addressed to the motor transport officer, Room 1050 Munitions Building, Nineteenth and B Streets, NW., Washington, D. C.

The CHAIRMAN. Is this list for Washington proper or does it include outlying points?

Col. NOBLE. It includes what is generally known as the District of Columbia. I think it is a little wider than Washington. I think it includes the Washington Barracks.

(The statement referred to by the Chairman follows:)

Summary of motor equipment in use by the Army Motor Service, Motor Transport Corps, United States Army, Washington, D. C., Dec. 4, 1918.

Equipment.	Number.	Equipment.	Number.
Motorcycles:		Touring cars—Continued.	
Excelsior.....	6	Reo.....	1
Harley-Davidson.....	80	Studebaker.....	4
Hendee.....	10	Velle.....	1
Indian.....	45		211
Thor.....	1	Trucks:	
	142	Dodge.....	38
Roadsters:		Ford.....	63
Dodge.....	24	Garford.....	21
Ford.....	11	Liberty.....	1
Hudson.....	1	Mack.....	4
Jeffrey.....	2	Nash-Quad.....	1
Oakland.....	1	Packard.....	1
Oldsmobile.....	1	Pierce-Arrow.....	22
Saxon.....	2	Ranier.....	1
White.....	1	Republic.....	4
	43	Riker.....	14
Touring cars:		Selden.....	1
Buick.....	1	Standard.....	3
Cadillac.....	13	White.....	7
Chevrolet.....	1		184
Dodge.....	98	Bus:	
Ford.....	67	White.....	1
Franklin.....	1	Hudson.....	18
Hudson.....	10		19
Hupmobile.....	3	Limousines:	
Locomobile.....	1	Cadillac.....	2
Maxwell.....	4	Hudson.....	6
Mitchell.....	1		8
Overland.....	1	Bicycles.....	3
Packard.....	3		
Paige.....	1		

The CHAIRMAN. I also place in the record a statement showing the number of motor vehicles in use in the United States.

The statement referred to by the chairman follows:

DECEMBER 9, 1918.

In answer refer to File No. (451 OD).

From: Chief, Motor Transport Corps.

To: Col. S. H. Wolfe, assistant director of finance, Room No. 3002, Munitions Building, Nineteenth and B Streets NW., Washington, D. C.

Subject: Statement—Motor vehicles.

1. For your information will advise that the records of the registration branch of the Operations Division, Office of the Chief Motor Transport Corps, show the following vehicles in use, as of November 25, in the United States:

Passenger cars.....	4,327
Ambulances.....	1,128
Trucks, light repair.....	17
Trucks, 1 ton or less.....	2,165
Trucks, 1½ to 2 ton.....	5,134
Trucks, 3-ton or over.....	4,374
Tractors and caterpillars.....	111
Trailers.....	667
Fire engines and disinfectors.....	244
Motorcycles.....	6,455
Bicycles.....	370

2. You are further advised that inventories are being received daily covering new issues of equipment, and equipment which, through error or misinformation, has not been submitted to this office to the present date.

3. It is estimated number of these vehicles to be possibly six or eight thousand of all types.

By authority of the Chief, Motor Transport Corps.

R. W. CHARLTON,
Major, Motor Transport Corps.

The CHAIRMAN. It appears that there are 4,327 passenger cars. Do you know whether they have any similar arrangement touching the use of passenger cars at the camps and cantonments?

Col. NOBLE. They are putting the same system into effect at all points.

The CHAIRMAN. Has anybody undertaken to check up, beyond this compilation, the use of motor vehicles in America and the need of it since the signing of the armistice?

Col. NOBLE. Yes; they are now making an inventory. They are sending out men from Washington all over the United States—we sent some men a few days ago to the Pacific Coast—their duty being to make an inventory at every point, not only to find out what they have on hand, what they are supposed to have, but also to see that they take up trucks and automobiles that come to them in a casual manner without being properly invoiced.

The CHAIRMAN. Are they also inquiring into the need of having them in the service?

Col. NOBLE. That is a matter that will be developed here. When they find out that a certain post has, for example, 10 trucks or 10 automobiles and the size is not sufficient to warrant that number, then the idea is to redistribute them to the places where needed.

The CHAIRMAN. Is there any place where they are needed where they are not now?

Col. NOBLE. That I do not know.

The CHAIRMAN. Do you issue any new machines to any place in the United States?

Col. NOBLE. Not that I know of, but I am not sure; I do not know. We have appointed what we call motor district officers. The United States has been divided up into districts, and an officer is in charge of a district. It is his duty to go around and see the condition of the equipment and to the distribution.

Mr. MONDELL. Do I understand, Colonel, that there is an officer in each district whose duty it is to distribute the machines?

Col. NOBLE. To look after them; yes, sir.

Mr. MONDELL. And to assign machines?

Col. NOBLE. Yes, sir. He can not, however, assign any machine out of his district.

The following detailed inventory was received from Brig. Gen. M. L. Walker, Director of Motor Transport Corps, American Expeditionary Forces, on November 24, 1918, and represents the list of American and foreign makes of motor vehicles in operation in the American Expeditionary Forces as of date November 2, 1918.

WM. P. BEAR,
*Captain, Motor Transport Corps,
Statistics Branch, Service Division.*

American makes of motor machines in the American Expeditionary Forces Nov. 2, 1918.

Type 1, passenger cars:

Open—	
Briscoe.....	2
Buick.....	6
Cadillac "55".....	46
Cadillac "57".....	631
Chalmers.....	1
Chandler.....	2
Dodge.....	1, 079
Dorris.....	22
Ford.....	872
Franklin.....	1
Hudson.....	35
Hupmobile.....	1
Lexington.....	2
McFarland.....	1
Marmon.....	5
Maxwell.....	0
Overland.....	1
Owen.....	0
Packard "4 cyl".....	1
Packard "6 cyl".....	4
Packard Unknown.....	4
Paige.....	1
Pullman.....	3
Studebaker.....	130
White.....	1
White Observta.....	88
Winton.....	29
Total.....	3, 004

Closed—

Buick.....	1
Cadillac "55".....	3
Cadillac "57".....	164
Cole.....	40
Dodge.....	1, 205
Locomobile.....	10
National "6 cyl".....	95
National "12 cyl".....	45

Type 1, passenger cars—Continued.
Closed—Continued.

Packard "12 cyl".....	1
Pierce-Arrow.....	1
Pullman.....	1
Studebaker.....	1
Winton.....	250
Total.....	1, 817

Type 2, light deliveries:

Buick.....	1
Cadillac.....	2
Dodge.....	429
Dodge machine gun.....	1
Ford.....	2, 705
Ford machine gun.....	198
Smith-Form-A.....	78
Garford.....	25
G. M. C.....	146
International.....	6
Packard.....	10
Republic.....	11
Rainier.....	69
Ruch.....	1
White.....	33
Total.....	3, 085

Type 3, 1½ and 2 ton trucks:

Denby.....	2
Ford-Burford.....	1
Ford-Hudford.....	2
Garford.....	551
G. M. C.....	462
Hall-Smith.....	1
Hurlburt.....	1
Kelly-Springfield.....	2
Marmon.....	1
Nash Quad Amm.....	2, 205
Nash Quad Balloon.....	1

American makes of motor machines in the American Expeditionary Forces Nov. 2, 1918—Continued.

Type 3, 1½ and 2 ton trucks—Con.

Nash Quad Cargo.....	936
Packard.....	370
Packard Office Truck.....	1
Pierce-Arrow.....	784
Reo.....	27
Saurer.....	139
Velie.....	11
White.....	67
White Radio.....	9
Sterling.....	1

Total..... 5,612

Type 4, 3 and 4 ton trucks:

Federal.....	198
F. W. D. Amm.....	798
F. W. D. Cargo.....	555
F. W. D. Winch.....	30
F. W. D. Artillery.....	1
Kelly-Springfield.....	559
Mack.....	77
Mack Forestry Body.....	3
Nash Quad Cargo.....	2
Packard.....	2,829
Peerless.....	417
Pierce-Arrow.....	320
G. M. C., Class B.....	381
Riker.....	994
Saurer.....	7
Selden Rolling Kitchen.....	5
Searchlight truck.....	2
Velie.....	100
White.....	306

Total..... 7,584

Type 5, 5-ton trucks and over:

Mack.....	514
Mack Hyd. Hoist.....	205
Mack Forestry Body.....	14
Mack Boom.....	1
Mack Hoist Crane.....	3
Packard.....	68
Pierce-Arrow.....	846
Sterling.....	24
Velie.....	1
White.....	48

Total..... 1,724

Type 6, motorcycles:

Harley-Davidson.....	3,586
Excelsior.....	3
Indian.....	5,370
Reading.....	53
Thor.....	1

Total..... 9,013

Type 7, ambulances:

Ford.....	2,796
Smith, Form A.....	1
G. M. C.....	1,438
King.....	3

Type 7, ambulances—Continued.

Packard.....	3
Paige.....	2
Reo.....	1
Service.....	14
Studebaker.....	3
White.....	31

Total..... 4,292

Type 8, tractors:

Cleveland.....	8
Gray.....	34
International.....	62
Minneapolis.....	1
Walter.....	15
White.....	13

Total..... 133

Type 9, caterpillars:

Holt.....	270
Maxwell.....	16
Reo.....	8
Ford Armor.....	1

Total..... 290

Type O, trailers:

Arcadia.....	34
Columbia.....	146
Buffalo-Pitts.....	6
Detroit, 1½-ton.....	12
Detroit, 3-ton.....	54
Ford ambulance.....	3
Grant gun.....	1
Highway.....	34
Holt, 5-ton.....	1
Holt, 10-ton.....	3
Lee.....	44
Ohio 1½-ton.....	72
Ohio 5-ton.....	79
Rodgers 1½-ton.....	12
Rodgers 2-ton.....	7
Rodgers unknown.....	41
Sampson.....	31
Trailmobile 1½ ton.....	821
Trailmobile 3-ton.....	34
Trailmobile tank.....	37
Trailmobile antiaircraft.....	1
Troy 1½-ton.....	37
Troy 2-ton.....	145
Troy 3-ton.....	46
Troy 4-ton.....	33
Troy 5-ton.....	5
Troy unknown.....	28
Troy photo.....	4
Troy tank.....	9
Warner.....	40
Make unknown.....	9
Make unknown photo.....	1
Make unknown tank.....	3
Troy power plant.....	2

Total..... 1,835

American makes of motor machines in the American Expeditionary Forces Nov. 2, 1918—Continued.

Type 00, machine shop and repair trucks:		Type 50, fire engines and disinfectors:	
Federal.....	2	Ford-Howe.....	13
F. W. D.....	170		
Kelly-Springfield.....	1	Type 60, laboratories:	
Nash Quad Artillery.....	30	Federal photo.....	2
Packard.....	18	Kelly-Springfield photo.....	2
Peerless.....	3	Packard photo.....	2
Pierce-Arrow.....	3	Mack searchlight.....	2
G. M. C. class D.....	1	White.....	4
Riker.....	17	White sterilizer.....	7
Service.....	1	White field laboratory.....	4
White 1½-ton.....	2	Peerless dental.....	3
White 3-ton.....	2	Make unknown.....	1
Make unknown.....	1		
Total.....	251	Total.....	27
Type 10, kitchen trailers:		Type 70, machine shop trailers:	
Trailmobile.....	45	Mack.....	1
Make unknown.....	22	Tory.....	31
Total.....	67	Total.....	32
Type 20, omnibuses:		Type 80, tank trucks:	
Mack Printing Press Truck....	7	G. M. C.....	7
Republic.....	1	Mack.....	24
Cadillac searchlight.....	1	Nash Quad.....	6
Total.....	9	Packard 1½-ton.....	12
Type 40, reconnaissance:		Packard 3-ton.....	244
Commerce machine gun.....	65	Pierce-Arrow.....	19
White.....	89	Total.....	312
Total.....	154	Type 90, antiaircraft:	
		White.....	18

Americans - sites of motor vehicles marked with "X" operating in the American Expeditionary Forces.

[illegible]

American makes of motor vehicles marked with "X" operating in the American Expeditionary Forces—Continued.

Type 3, 1½ and 2 ton trucks:		Type 6, motorcycles:	
Dorris.....	36	Harley-Davidson.....	15
Ford.....	1	Indian.....	31
Maxwell.....	2	Total.....	46
Packard.....	8		
Pierce-Arrow.....	16	Type 7, ambulances:	
Saurer.....	1	Buick.....	6
Selden.....	9	Cadillac.....	2
White.....	1	G. M. C.....	3
Total.....	74	Ford.....	199
		Lexington.....	1
Type 4, 3-ton truck:		Studebaker.....	8
G. M. C.....	2	White.....	2
Packard.....	2	Make unknown.....	1
Pierce-Arrow.....	9	Total.....	222
White.....	20		
Total.....	33	Type 8, tractors:	
		Ford.....	2
Type 5, 5-ton trucks and over:			
Pierce-Arrow.....	24		
White.....	1		
Total.....	25		

European makes of motor vehicles in the American Expeditionary Forces Nov. 2, 1918.

Passenger cars, type 1:		Passenger cars, type 1—Continued.	
Open—		Open—Continued.	
Alda.....	12	Peugeot.....	36
Allomage.....	1	Piccard-Pictet.....	1
Aquilla.....	1	Renault.....	18
Benz.....	1	Rochet-Snyder.....	16
Berliet.....	5	S. C. A. T.....	2
Brasier.....	2	Sigma.....	10
Charron.....	5	Spyler.....	1
Chenard-Walcker.....	11	Sunbeam.....	104
Clement.....	5	Unic.....	3
Cottin-Desgoutte.....	9	Vauxhall.....	1
Darracq.....	6	Vinot & D.....	1
De Dion Bouton.....	14	Total.....	599
Delage.....	16		
Delahaye.....	5	Closed—	
DeLauney Belleville.....	10	Aries.....	1
D. F. P.....	4	Berliet.....	2
Fiat.....	210	Charron.....	1
Gennevilliers.....	1	Chenard-Walcker.....	3
Gregorie.....	3	Cottin-Desgoutte.....	1
Hispano Suiza.....	6	Daimler.....	4
Isotta Fraschini.....	2	De Dion Bouton.....	5
Le Gui.....	1	Delage.....	1
Leon Boilee.....	11	Delahaye.....	1
Lorraine-Deitrich.....	21	DeLauney Belleville.....	5
Lyon.....	2	Fiat.....	6
Martini.....	25	Hotchkiss.....	3
Mercedes.....	1	La Burie.....	1
Minerva.....	1	Leon Boilee.....	1
Mors.....	4	Lorraine-Deitrich.....	1
Moto-Bloc.....	1	Mercedes.....	1
N. A. G.....	1	Moto-Bloc.....	1
Panhard-Levassier.....	9		

European makes of motor vehicles in the American Expeditionary Forces Nov. 2, 1918—
Continued.

Passenger cars—Continued.

Closed—Continued.

Panhard-Levassor.....	10
Peugeot.....	6
Renault.....	19
Rochet-Snyder.....	1
S. C. A. T.....	1
S. P. A.....	2
Sunbeam.....	1
Unic.....	1
Zedell.....	1

Total..... 90

Type 2, light deliveries:

Barre.....	1
Brasier.....	11
Charron.....	13
De Dion Bouton.....	4
Delauney Bellville.....	1
Deitrich.....	1
Dubrulle.....	1
Fiat.....	1
Hotchkiss.....	2
Mercedes.....	1
Panhard.....	2
Peugeot.....	2
Renault.....	1

Total..... 41

Type 3, 1½ and 2 ton trucks:

Benz.....	1
Atlas.....	2
Austin.....	7
Berliet.....	2
Daimler.....	1
De Dion Bouton.....	1
Delahaye.....	32
Diatto.....	1
Fiat.....	566
Hotchkiss.....	1
La Buire.....	1
Latil.....	8
Panhard.....	2
Peugeot.....	5
Renault.....	19
Renault-Radio.....	1

Total..... 650

Type 4, 3 and 4 ton trucks:

A. E. C.....	1, 107
Aries.....	6
Atlas.....	15
Austin.....	90
Berliet.....	1
Brasier.....	1
Caledon.....	35
Charron.....	2
Clydesdale.....	15
De Dion Bouton.....	7
Daimler.....	1
Delage.....	1
Delahaye.....	4

Type 4, 3 and 4 ton trucks—Con.

Delauger-Clayette.....	2
Delauney-Belleville.....	15
Dennis.....	490
Diatto.....	6
De Wald.....	2
Fiat.....	74
Karrier.....	292
La Buire.....	3
Latil.....	16
Panhard.....	2
Peugeot.....	2
Renault.....	3
Strakker.....	1

Total..... 2, 193

Type 5, 5 ton and over:

Atlas.....	66
Berliet.....	1
Clydesdale.....	9
Mercedes.....	1
Zust.....	1

Total..... 78

Type 6, motorcycles:

B. S. A.....	47
Douglas.....	122
Humber.....	1
Imperial.....	543
Lion Bourget.....	1
Matchless.....	1
Rover.....	157
Sunbeam.....	1
Triumph.....	21
Griffin.....	1

Total..... 895

Type 7, ambulances:

Berliet.....	1
De Dion Bouton.....	1
Talbot.....	3
Laurin Clemon.....	1

Total..... 6

Type 8, tractors:

Fiat.....	1
Latil.....	25
Peugeot.....	1
Renault.....	96
Bussing.....	1
Daimler.....	1

Total..... 125

Type O, trailers:

Atlas.....	353
Atlas tank.....	156
Atlas telegraph.....	1
Berliet wireless.....	1
Bharon Fond.....	1
Briel.....	532

European makes of motor vehicles in the American Expeditionary Forces Nov. 2, 1918—Continued.

Type O, trailers—Continued.		Type 30, winch trucks:	
Briel tank.....	1	Caquot.....	1
Delahaye.....	2	Latil.....	14
Druciget telegraph.....	1		
Justreata.....	1	Total.....	15
Latil.....	21		
Pacquette.....	4	Type 50, fire engines and disinfectors:	
Perney.....	91	Dennis.....	3
Perney tank.....	93	Fodden-Thresh.....	20
Thorne.....	27		
Total.....	1. 285	Total.....	23
Type OO, machine shop and repair:			
Crochat.....	5	Type 60, laboratory:	
A. E. G.....	10	Crochat L. & S.....	1
Fiat.....	1	Berliet photo.....	1
Mannesman Mulay.....	1	De Dion Bouton.....	1
Karrier.....	5	Crochat photo.....	1
Total.....	22	Renault.....	2
		Renault sterilizer.....	10
Type 10, kitchen trailers:		Renault X-Ray.....	14
Bretea.....	20	Total.....	30
Type 20, omnibus:			
Austin.....	1	Type 70, machine-shop trailer:	
Napier.....	1	Crochat.....	15
Peugeot.....	1		
Total.....	3	Type 80, tank truck:	
		Austin.....	26

European makes of motor vehicles marked with "X" operating in the American Expeditionary Forces.

Type 1, passenger cars:		Type No. 1, passenger cars—Con.	
Open—		Open—Continued.	
Bellanger.....	1	Talbot.....	1
Bugatti.....	1	Zust.....	1
Charron.....	11		
Clement.....	3	Total.....	112
De Dion Bouton.....	2		
Delage.....	4	Closed—	
Delauney-Belleville.....	1	Daimler.....	1
Fiat.....	4	Delauney-Belleville.....	1
Hispano-Suiza.....	1	Fiat.....	1
Lancia.....	1	Martini.....	1
Lavator.....	1	Mors.....	1
Lorraine-Deitrich.....	1	Panhard.....	1
Mercedes.....	3	Renault.....	9
Minerva.....	2	Rolls-Royce.....	5
Mors.....	1	Unic.....	1
Newton.....	6		
Panhard.....	5	Total.....	21
Peugeot.....	33		
Piccard-Picet.....	1	Type 2, light deliveries:	
Renault.....	23	Atlas.....	0
Rochat-Snyder.....	2	Charron.....	2
Schneider.....	1	Delahaye.....	4
Sigma.....	1	Deitrich.....	1
Sunbeam.....	1		

European makes of motor vehicles marked with "X" operating in the American Expeditionary Forces—Continued.

Type 2, light deliveries—Contd.

Hotchkiss.....	1
Fiat.....	5
La Buire.....	1
Panhard.....	1
Renault.....	3
Talbot.....	2

Total.....	20
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Type 3, 1½ and 2 ton trucks:

A. E. C.....	22
Atlas.....	8
Barre.....	1
Buford.....	1
Gregory.....	1
Isotta-Fraschini.....	6
Lacre.....	4
Panhard.....	5
Renault.....	3
Roscoe.....	1

Total.....	52
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Type 4—3 and 4 ton trucks:

A. E. C.....	54
Austin.....	13
Clement.....	1
Clydesdale.....	9
Delaugere.....	20
Delauney-Belleville.....	1
Isotta-Fraschini.....	42
Panhard.....	1
Peugeot.....	3

Total.....	144
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Type 5—5-ton trucks and over:

Atlas.....	17
Clydesdale.....	14
Isotta-Fraschini.....	8
Renault.....	1
Zust.....	7

Total.....	47
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Type 6, motorcycles:

A. J. S.....	1
B. S. A.....	33
Griffin.....	1
Peugeot.....	5
Humber.....	3
Royal Enfield.....	46
Sunbeam.....	1
Terrot.....	1

Total.....	91
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Type 7, ambulances:

Daimler.....	1
De Dion Bouton.....	1
Fiat.....	3
Hotchkiss.....	1
Mercedes.....	3
Napier.....	1
Peugeot.....	1
Renault.....	1

Total.....	12
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Type 20, omnibus:

Deland.....	2
Unic.....	1

Total.....	3
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WEDNESDAY, DECEMBER 11, 1918.

BUREAU OF AIRCRAFT PRODUCTION.

STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS; LIEUT. COL. H. S. BROWN AND LIEUT. COL. F. E. SMITH, BUREAU OF AIRCRAFT PRODUCTION.

GENERAL STATEMENT.

The CHAIRMAN. You have had a total of \$1,499,067,766 for aircraft. Col. BROWN. Yes, sir.

The CHAIRMAN. You first got a lump sum, without any restrictions on it, of \$760,000,000 out of the air service production act of July 9; then you had \$640,000,000 out of the act of July 24, 1917, and you had \$99,067,766 out of the acts of May 12, June 15, and October 6, 1917, the total being what I have indicated. Now, according to your table here, you seem to have spent as of the 1st of November \$638,248,359.47, and you estimate unpaid obligations

as of November 11 of \$535,657,468.15, and you estimate that of that total you will have to actually pay \$358,561,742.27 of those obligations; is that correct?

Col. BROWN. That is approximately correct, sir. I can perhaps state it a little more clearly by referring to the three groups of appropriations that are mentioned on that statement before you, mentioning the last group first, namely, \$99,067,766, represented by the amounts we obtained from the acts of May 12, June 15, and October 6. You will note that we have obligated the total of those appropriations to within \$1,904,274.12 of the amount appropriated, and we have actually disbursed \$81,596,746.98, leaving to be disbursed, of the obligations incurred, only \$15,566,744.90. That undisbursed portion will undoubtedly be practically entirely disbursed in the liquidation of the contracts that have been incurred and charged to those appropriations, because they are all old contracts and either the deliveries have been made or are to be made, or the work is in process to such an extent that there will be very little saving, if any, effected in their cancellation, so that the only item you could perhaps consider as available for cancellation out of those appropriations would be \$1,904,274.12, or approximately \$2,000,000.

The CHAIRMAN. That was money for the creation of aircraft?

Col. BROWN. Yes, sir; it was the portion of those three acts that was set aside for aircraft and available for expenditure for aircraft purposes under the President's dissolution of the old Signal Corps. All three of those acts were appropriations for the Chief Signal Officer, and the President's order of May 20, 1918, dissolved the old Signal Corps and created three new divisions, the Bureau of Aircraft Production, the Division of Military Aeronautics, and the Signal Corps proper. The portion referred to here is the portion that was available for expenditure for aircraft production purposes. The other portion has been kept by the Signal Corps, because none of these appropriations went to military aeronautics.

The next appropriation was our \$640,000,000 appropriation under the act of July 24, 1917. That appropriation, by reason of a very large contracting program, was overobligated early in the year, as early as January, and I think you will recall a conference with the Secretary of War and Mr. Potter and Mr. Ryan shortly after they came here, in the Secretary of War's office, when they wanted to get a deficiency bill through at the time, and you persuaded them to wait until the new bill came out, and they did wait.

The CHAIRMAN. Inasmuch as you have mentioned that conference, perhaps it is well to state just the position I then took, which was this: That I was unwilling to appropriate money in a deficiency bill without such a hearing as would enable the committee and the Congress to determine just what had come of the large sums that had been spent, and that I was forced to the belief that there had been unnecessary obligation of the money that had been appropriated which, if released, would give them the necessary available cash to go forward until additional moneys might be made available out of the regular appropriation, and they stated they would examine the matter with that in view, and, if necessary, would advise the committee that they wanted additional money. They did not so advise me, and additional moneys were not voted.

Col. BROWN. Well, as a matter of fact, the overobligation was a technical overobligation, for the reason that we had entered into contracts for way over \$200,000,000 for material and equipment for resale under the provisions of the act of October 6, 1917, which gave the President the right to manufacture or acquire aircraft equipment and material and resell it at not less than cost, and those obligations, where we charged them to the appropriation, should, in any ordinary bookkeeping practice, have been offset by accounts receivable of the same amount, because there was a definite plan to resell them at not less than cost.

The situation with respect to the \$640,000,000 appropriation is this: Including the obligations for materials and equipment acquired for resale, that appropriation is overobligated by \$233,698,275.21. It is safe to say that, with the liquidation of all contracts outstanding, including the resale contracts, the \$640,000,000 appropriation will just about liquidate itself, for the reason that you will note we have disbursed \$522,161,120.38, leaving, as of November 1, \$117,838,879.62 to be disbursed. I think it will perhaps take a little more than \$117,838,879.62 to settle the contracts that are charged to this \$640,000,000 appropriation, but, fortunately, the bill of July 9, 1918, which gave us our additional appropriation, contained two clauses, one continuing this \$640,000,000 appropriation for an additional fiscal year, and another making the \$884,304,758 appropriation retroactive, so that if we can not completely pay existing obligations that are charged to the \$640,000,000 appropriation out of that appropriation, we can transfer any surplus obligations to the new appropriation (July 9, 1916) to the extent that may be necessary to make the \$640,000,000 appropriation self liquidating.

The CHAIRMAN. What did you say was the amount of that new appropriation?

Col. BROWN. \$884,304,758 was the amount of the appropriation and \$124,304,758 was set aside for the Division of Military Aeronautics and \$760,000,000 to the Bureau of Aircraft Production by administrative allotments.

The CHAIRMAN. In other words, if I understand your situation, you will probably need all of the \$640,000,000 and may, to a limited extent, have to avail yourself of the \$760,000,000 that came by the act of July 9?

Col. BROWN. Yes, sir.

The CHAIRMAN. Of course, you do not mean by that that you are also going to need all of your \$760,000,000?

Col. BROWN. No, sir; I am narrowing you down to a simple legislative program, or at least that is what I am trying to do, and then leading up to what your problem is.

Assuming, then, that we will self-liquidate that \$640,000,000 appropriation, and we will do so, it leaves us with this \$760,000,000 to adjust. Now that appropriation stands in this way: We have charged against it at the present time, according to that statement before you, and as of that date, \$436,742,335.74 of obligations or contracts, leaving an unobligated balance of \$323,257,664.26. We have disbursed in cash against the obligations that have been incurred only \$34,490,492.11, leaving an undisbursed portion of \$725,509,507.89. It is our estimate that \$400,000,000 can be canceled out of the \$760,000,000, leaving a balance of \$360,000,000 to pay all current

obligations of the Bureau of Aircraft Production, the normal operations of the bureau between now and June 30, 1918, and \$75,000,000 to be sent overseas, in addition to what we have already sent, to pay Bureau of Aircraft Production contracts over there, concerning which we have had only limited information. I have some detail as to overseas obligations which I can present to you, but I think \$75,000,000 is a safe figure.

The CHAIRMAN. That presents very simply and concisely your conclusion, and because it is so concise, presents only the conclusion.

Col. BROWN. That is right.

The CHAIRMAN. What we would like to know is something about what you have secured in the way of production out of these sums, what you have got in the way of being produced, and what policy you have pursued since the signing of the armistice touching production.

Col. BROWN. As to what we have gotten, the production statistics would have to be obtained from the Production Division. I represent only the Finance Division. Those figures were given in very great detail to Judge Hughes and are embodied in his report up to the date that it was filed. As to the policy of cancellation of contracts, a definite policy has not yet been established. I understand that Mr. Fletcher, who is the chief of the Procurement Division, but whose resignation has been accepted, effective December 24, and Col. Downey, his successor as chief of the Procurement Division, have been in conference with the General Staff with a view to obtaining from them instructions as to the policy of discontinuing or terminating airplane and engine and accessory contracts. It is influenced somewhat by the labor situation, and also somewhat by the possible training program and the reserve program for airplanes and engines. I am familiar with some of the detail, but would rather not testify as to it, as it is not within my province.

The CHAIRMAN. How did you arrive at an estimated sum that could be saved from unpaid obligations unless you knew what was going to be done touching the cancellization of the contracts that made those obligations?

Col. BROWN. On this basis, sir; the obligations which we have incurred aggregate \$1,407,604,102.83, as I have it. According to the statement before you, it is a little more, because it is of a different date. That includes about \$127,000,000 that we have charged on our books as obligations incurred abroad, leaving obligations incurred in the United States of about \$1,280,000,000. The actual disbursements aggregate, according to the statement you have there, \$638,248,359.47, of which about \$52,000,000 represents the war warrants on the Treasury that have been transferred abroad, leaving about \$585,000,000 that has been disbursed on contracts aggregating \$1,280,000,000 entered into in this country, or a difference of \$64,000,000, representing the unliquidated balance of contracts entered into in this country. We have an undisbursed balance under our \$760,000,000 appropriation according to the statement you have of \$725,509,507.89. I have recommended the cancellation herefrom of \$400,000,000, leaving \$325,509,507.89 to be expended.

I have recommended that we reserve for overseas \$75,000,000, and \$25,000,000 for continuing expenses of the bureau up to June 30, 1919, or \$100,000,000 for the two items, leaving \$225,000,000 out of the \$760,000,000 appropriation to apply on liquidation of existing

contracts. You add to that the \$117,838,879.62 out of the \$640,000,000 appropriation, making a total of \$342,838,879.62 to liquidate \$694,000,000 of aircraft contracts in the United States, or a reserve of something less than 50 per cent, and no matter what production program may be determined upon, from information and experience with our contracts and from our knowledge of them as to payments already made and the general state of their completion, as well as their outstanding obligations, I think 50 per cent is a safe figure.

The CHAIRMAN. If I understand you, what you have done is simply to take your unpaid obligations and figure arbitrarily—that is, arbitrarily in the sense that it is not the result of an examination of the obligations as such—that half of them can be canceled.

Col. BROWN. We have not made an examination of all of our contracts to arrive at a definite figure or anywhere near definite, for the reason that we have over 800 main contracts, a large portion of which in dollars and cents are cost-plus contracts. The total number of our main and subcontracts is over 20,000, and in order to settle with every one of those contracts they have got to be inventoried as to the material on hand and work in process, and there has got to be an adjustment of their labor cost, payment for the special tools they have purchased in this aircraft industry, and the additional facilities they have installed for the purpose of carrying out these contracts; also, an appraisal to determine the amortization allowance, and the profit—such as will be allowed under the General Staff's order—but with our general experience and with the detailed knowledge we have of some of the main contracts, a 50 per cent allowance for liquidation is safe.

CANCELLATION OF CONTRACTS—OVERTIME WORK.

The CHAIRMAN. What have you done toward the cancellation of contracts? Have you canceled anything?

Col. BROWN. The cancellation of contracts in the Bureau of Aircraft Production, by order, has been given to the Chief of the Procurement Division, acting under the direction of the chief of the bureau, Mr. Potter. Suspension orders have been issued in a great number of cases, telling contractors to suspend work, and that an investigation will be made by the Finance Division; upon the result of that investigation the settlement of the subcontracts up to the main contract will be made, and a supplemental agreement will be drawn embodying the terms of the settlement or liquidation. Some of the main contracts have not yet had definite action taken on them.

The CHAIRMAN. You have quit overtime work?

Col. BROWN. We have quit overtime and Sunday and holiday work. That order was issued immediately upon issuance by the Secretary of War.

STOPPING PRODUCTION OF RAW MATERIAL.

The CHAIRMAN. Have you done anything looking to the stopping of the production of raw material which, if produced, would in turn force manufacture in order to prevent waste?

Col. BROWN. We have that under control in the Finance Division through our approval officers. Immediately upon the signing of the armistice we directed our approvals officers, who are the equivalent of inspectors, to disapprove the purchase of additional material and expenditures of any character that would be unnecessary for the additional production of the articles.

The CHAIRMAN. I do not know that I quite gather the effect of your statement. You say that it would be unnecessary for the additional production?

Col. BROWN. May I ask Col. Smith, who has charge of our field force, to give you a clearer statement of that?

Col. SMITH. First, we were instructed not to allow our men to pass any expenditure for anything except current operations until a determination was had as to the number of motors and planes which would be on the final schedule. Such a determination having been reached in almost all cases, our field force has been advised and they are now in the process of inventorying, and all that sort of thing, leading up to the final figures, which will represent each contractor's claim.

CURTAILING PRODUCTION OF AIRPLANES.

The CHAIRMAN. Are you undertaking to curtail the production of airplanes to as great an extent as the condition of partial manufacture permits?

Col. SMITH. Mr. Sherley, we have nothing to do with the outlying of the program as to the number that will be completed, but we can follow up and administer the program that is laid out and we are doing so.

The CHAIRMAN. But that means you are continuing a program that was laid out prior to the signing of the armistice?

Col. SMITH. No; it means a new program determined upon since the signing of the armistice.

The CHAIRMAN. What is that program?

Col. SMITH. A program that has been determined by Mr. Potter, the chief of the bureau.

The CHAIRMAN. What is it; is anybody prepared to tell us?

Col. SMITH. We can not tell you offhand; we can give you a statement of the main items.

Col. BROWN. I do not think that we could very well do so, because that has been specifically stated not to be a function of the Finance Division. There is an order that we shall not discuss or negotiate with contractors as to what that program shall be. That is a function reserved wholly by Mr. Potter, as the chief of the bureau, and Mr. Fletcher, the Chief of the Procurement Division.

The CHAIRMAN. You got no contract authorization; you got all of the money for your service in cash?

Gen. LORD. There was no contract authorization.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. As I understand your figures, you estimate \$177,095,725.88 could be at this time covered into the Treasury.

Col. BROWN. I did not prepare that statement; \$177,000,000 is the amount, I understand, that will not be expended for obligations incurred.

The CHAIRMAN. In addition to that, there is \$224,904,274.12 of the appropriation that is a free balance.

Col. BROWN. Yes, sir.

The CHAIRMAN. In the Treasury and against which you expect to make no demand?

Col. BROWN. That is correct.

The CHAIRMAN. Which would be a total of \$402,000,000?

Col. BROWN. Yes, sir.

The CHAIRMAN. And which you figure could be covered back into the Treasury?

Col. BROWN. Yes, sir. I will say to you, frankly, that I think that estimate is conservative. I think it will be more, but I do not believe that I could afford to put myself in the position of testifying to a reduction in our appropriation that might leave us with bills outstanding against which there was no fund to make payment.

The CHAIRMAN. On the other hand, if a greater sum was taken away it might make a greater inducement for the cancellation of contracts and the curtailment of production.

Col. BROWN. That is your problem, sir.

THURSDAY, DECEMBER 12, 1918.

**STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE,
COL. W. R. BETTISON, COAST ARTILLERY CORPS, AND
CAPT. H. M. DENNING, QUARTERMASTER CORPS.**

CHARTERING OF TRANSPORTS.

The CHAIRMAN. There has been allotted out of the moneys appropriated under the head of "Transportation of the Army" for the chartering of transports, \$618,012,840?

Col. BETTISON. Yes, sir.

The CHAIRMAN. You have spent as of December 1, \$23,682,169.27?

Col. BETTISON. Yes, sir; according to the figures of the Director of Finance.

The CHAIRMAN. And you estimate the requirement for the remainder of the fiscal year at \$447,408,669.59?

Col. BETTISON. Yes, sir.

The CHAIRMAN. Leaving a surplus in the allotment of \$146,922,001.14?

Col. BETTISON. Yes, sir.

The CHAIRMAN. Is the \$23,600,000 actual expenditures as of December 1?

Col. BETTISON. It is the sum that has been reported for our notation. That does not represent all of the expenditures that have been made.

The CHAIRMAN. Those which have actually been made from the Treasury?

Col. BETTISON. Yes, sir.

The CHAIRMAN. On what basis do you figure your requirement for the balance of the year?

Col. BETTISON. The original estimates were prepared on the basis of the vessels in the service at that time, plus those that would be

received from the Shipping Board program. The revised estimates are based on the number now in the service, plus those that we will actually receive, less those that will be released that are now in service.

The CHAIRMAN. What arrangement has been made touching the use of chartered vessels? As I recall it, you had vessels furnished by the English, the French, the Italian, and then certain Dutch vessels.

Col. BETTISON. And Russian and Swedish vessels.

The CHAIRMAN. What arrangements have been made touching the continued chartering of these vessels?

Col. BETTISON. Those vessels are operated under the consolidated control of the British ministry of shipping.

The CHAIRMAN. You mean all of those vessels or the British vessels?

Col. BETTISON. The foreign vessels, British, French, Italian, Russian, and Swedish; not the Holland or Dutch vessels.

The CHAIRMAN. You do not mean the vessels that we took over from the Dutch Government?

Col. BETTISON. No, sir. I am not absolutely certain about the Swedish vessels. I think, as Capt. Denning has suggested, that some are operated under the British ministry of shipping and some are handled through the Shipping Board.

The CHAIRMAN. What arrangement, if any, has been made touching the continued use of these vessels?

Col. BETTISON. They will be released as rapidly as other tonnage becomes available from the Shipping Board, those constructed by the Emergency Fleet Corporation.

The CHAIRMAN. You mean released only to the extent that we get tonnage by construction?

Col. BETTISON. Not entirely, sir. The original estimate provided for an increase in the amount of tonnage. That is, we expected our program to increase during the year, and we provided in the estimates for that increase. We know now approximately what our requirement will be for the year, so that we have cut down from eight hundred and some odd vessels on which we estimated originally to an average of 500 vessels.

The CHAIRMAN. Eight hundred chartered vessels?

Capt. DENNING. Chartered and owned by the Government, 800 vessels to operate.

COMPENSATION PAID FOR CHARTERED VESSELS.

The CHAIRMAN. Have you ever agreed as to what compensation was to be paid for the chartered vessels?

Col. BETTISON. On foreign-owned chartered vessels I understand that the compensation is to be the actual cost of operation. The details of that have not been absolutely fixed. That applies to all, except some of the French vessels on which we have been paying a fixed rate per passenger and per ton of freight. Some of the French vessels have been operated under the British ministry of shipping, and those will come under the cost of operation agreement.

The CHAIRMAN. Have you any idea what that is?

Col. BETTISON. We have paid the French for passage of first-class passengers, dependent on the vessel, from about \$68 to \$80, second-class passengers about \$57.50, and third-class passengers \$30.80.

They have recently notified us that they would have to raise those rates.

Capt. DENNING. To nearly double, by the way.

Col. BETTISON. As to those ships operated under the British ministry of shipping, we have been making a provisional payment on the basis of \$35 per head, irrespective of class, pending the final determination of the cost that will be paid.

The CHAIRMAN. We have in turn used some American vessels for the moving of some British troops and tonnage?

Col. BETTISON. Yes, sir.

The CHAIRMAN. What have they been paying us?

Col. BETTISON. That has been handled as an exchange of tonnage on the Atlantic side. For instance, I can not give the exact names of the vessels or the exact arrangement, but at present we have a surplus of freighters, and some of those freighters are being converted to carry passengers. We have under negotiation with the British ministry of shipping a plan to exchange freight vessels for passenger vessels.

The CHAIRMAN. The reason for this inquiry as it relates to this pending matter is as to whether you have sufficient data to really determine what you are going to have to pay during the year?

Col. BETTISON. Only an approximation, sir.

The CHAIRMAN. Has any determination been made as to the amount of tonnage that the Government desires to use in its transport service from month to month until the end of the year. This is all necessarily tied to two propositions. One is the amount of supplies that we must take overseas and to the more determining factor, the number of men that we want to bring back from time to time.

Col. BETTISON. So far as I know, sir, the number of men that are going to be left over there has not yet been determined.

The CHAIRMAN. Have they even determined the number of men going to come back from month to month?

Col. BETTISON. No, sir. We will need all the vessels available until the men are completely returned.

The CHAIRMAN. So that for the immediate months ahead you want to use all the tonnage you can get?

Col. BETTISON. Everything we have, sir, that will carry troops.

The CHAIRMAN. Has England expressed a willingness to permit the continued use of her vessels that we have chartered for this work, or is she asking that some of these vessels be released for her own trade?

AMOUNT TO BE COVERED INTO THE TREASURY.

Col. BETTISON. I do not know, sir. There is pressure for the relief of all tonnage we can possibly let go, but we are not letting go of any passenger tonnage. The amount quoted in that statement as the amount of the appropriation that can be released to the Treasury should be diminished by the three items given below, leaving a net surplus that can be covered into the Treasury of \$62,872,001.14. In order to obtain the greatest number of passenger-carrying ships to bring our troops back, there is now under way the conversion of 150 cargo ships that can be used for troop accommodations on the westward voyage, and we are putting standees and bunks and fitting those vessels up to act as troopships on the westward voyage and freighters on the eastward voyage.

The CHAIRMAN. Are those American ships?

Col. BETTISON. They are principally the American ships under the Shipping Board.

The CHAIRMAN. Government owned or chartered?

Col. BETTISON. Chartered. There are some few that are Government owned, but not many.

The CHAIRMAN. Is the cost of this conversion charged against the Army transport service?

Col. BETTISON. Yes, sir.

CONVERSION OF SHIPS.

(See p. 209.)

The CHAIRMAN. And you estimate an expenditure of \$22,500,000 for the conversion of these ships?

Col. BETTISON. Yes, sir; for the conversion of 150 of those ships.

The CHAIRMAN. What is the theory underlying the adoption of this policy?

Col. BETTISON. To get the soldiers abroad back just as rapidly as possible and to utilize every foot of passenger accommodation that is available.

Mr. BYRNS. Have we any contracts with the British ministry of shipping or with the owners of British ships that would enable us to retain in this business the ships we now have?

Col. BETTISON. No, sir. I should say it was more of a gentleman's agreement than a contract. There was an agreement reached between the Secretary of War and Lord Reading that fixed this as a policy, but the details of it have not yet been completed.

PROPORTIONATE COST OF ARMAMENT TURNED OVER TO ARMY BY SHIPPING BOARD.

The CHAIRMAN. Then you estimate \$8,750,000 as the proportionate cost of armament of vessels turned over to the Army by the United States Shipping Board during the fiscal year. What do you mean by that?

Col. BETTISON. They are the vessels that were turned over for Army service by the Shipping Board, on which guns and armament had to be placed on account of the submarine menace, and \$8,750,000 represents the Army share of the cost of this armament.

The CHAIRMAN. That was not charged against this item, because we appropriated that money to the Navy, did we not?

Col. BETTISON. No, sir; the appropriations are all under the Army. The Navy operates a large proportion of our transports.

The CHAIRMAN. But we appropriated money to create these guns. What is this for?

Col. BETTISON. This is for installation. Depending on the type of vessel—that is, on how ruggedly or solidly it is built—that will average anywhere from \$100,000 down to about \$65,000 or \$70,000 for the installation.

Capt. DENNING. That includes, Mr. Sherley, the foundations for the gun quarters for the armed guard, magazines, lookouts and everything necessary for the installation on board ship of the armament.

The CHAIRMAN. And that was charged to you as the users of the chartered vessels?

Capt. DENNING. Yes, sir; or will be.

Col. BETTISON. Our arrangement with the Navy is that the Navy operate a large portion of our transports on account of the labor difficulties, and they operate those transports for us, and, as part of their regular operation, they pay the operation cost, but come to us for a reimbursement.

RESTORING CHARTERED AND REQUISITIONED VESSELS.

The CHAIRMAN. Then you have figured here a provision for restoring 25 per cent of chartered and requisitioned vessels turned back to owners during balance of fiscal year 1919, \$52,800,000.

Col. BETTISON. Yes, sir; our charters of vessels require that when turned back to the owners they shall be in the same condition as when we received them.

The CHAIRMAN. Do you expect to turn back a sufficient number during the remainder of this fiscal year to cause an expenditure of that much money in restorations?

Col. BETTISON. Yes, sir; there is a constant change going on of vessels, and we estimate that 25 per cent of that tonnage which we now have will have to be turned back to the owners, and for the fiscal year 1920 we have estimated that the remaining 75 per cent will be turned back.

The CHAIRMAN. Have you ever undertaken to figure the cost of the transportation of either soldiers or freight across the sea?

Capt. DENNING. We can not do much toward figuring the cost of transportation of soldiers or troops because the Navy operates the boats and transports the troops and therefore they have all the cost data, and they have not come to us as yet with sufficient information for us to answer that question. They are now working on something to that effect and we furnished them some information quite recently that they wanted in connection with this matter. When it comes to cargo we are able to give some figures.

The CHAIRMAN. I was wondering whether, when it came to balancing accounts with other nations, there was going to be taken into account these alterations that you and they make in order to use the ship for a different purpose from the one for which it was fitted at the time it was chartered.

Col. BETTISON. That is an expense we have to bear unless the owners wish to accept the changes. If they wish to take those changes when we turn those ships back, then there will be a reduction of the amount that it would cost to put the vessel in the condition we received it, but otherwise we stand the whole expense.

The CHAIRMAN. At best, all of this is just a very rough estimate?

Col. BETTISON. Yes, sir; it is an estimate based on the best figures we could get as to the cost of the changes in individual boats, and as far as we could look ahead and see what the policy was going to be.

The CHAIRMAN. I notice under the head of your own transport service you figure you are going to use all the money you got?

Col. BETTISON. Yes, sir; the regular Army transport service is operated principally to the Philippines, Guam, and Honolulu, and the transport service in the Gulf is to Panama. Those requirements are unchanged, and there has been no difference in them on account of the armistice. There has actually been, Mr. Sherley, a large increase in the amount of work required of the Army transport service in the Pacific on account of the Czecho-Slovak activities in

Siberia, and we are transporting supplies for the Czecho-Slovak national committee to Vladivostok, for which we are going to charge them the cost of operation, but what the total amount of those supplies will be or what the actual cost of operation will be, we have not yet been operating long enough to tell.

The CHAIRMAN. In your river and harbor boat service you do not figure you are going to save anything there? That ought to slow up somewhat, ought it not?

Col. BETTISON. No, sir; that is for the Regular Establishment.

The CHAIRMAN. Then as to your Coast Artillery Service, you also figure you are going to need all the money you got there?

Col. BETTISON. Yes, sir; though I have not talked to the Chief of Coast Artillery on that. The amount of Coast Artillery boat service that will be required will depend on what the congressional program for the Army is after peace is declared.

The CHAIRMAN. That won't affect this year.

Col. BETTISON. No, sir; so that we are figuring on no change.

The CHAIRMAN. But during the war there was more work of this kind than there is now. For instance, they were laying mines and having mine planters in operation which they had chartered, and were doing a great deal of activity of that sort that now ought to have ceased.

Col. BETTISON. There was an increase of activity and I have not analyzed just what the result of that increased activity might be, but my quick judgment is that that probably increased fuel cost and also probably decreased hire of labor, because soldiers were used on our harbor boats a good deal during the war; but I have no exact figures on that.

FUTURE NEED OF TRANSPORT BOATS.

The CHAIRMAN. Has any consideration been given to the future needs of the Army in the way of transport boats?

Col. BETTISON. Yes, sir; we have given it consideration, but we have not yet taken any steps to accomplish that. We have on hand the old regular Army transport vessels, and I believe in 1903 Congress enacted a provision that none of those vessels could be disposed of except with the consent of Congress. Our intention is as soon as the activities or need for transports for Europe flatten out, to take up the question of disposing of our old transports and taking over new boats from the Shipping Board. Our old transports are practically all vessels that were secondhand boats when purchased, at the time of the Spanish War, and their cost of upkeep is very large, and we think it would be economical to replace them by modern, more seaworthy vessels.

CONVERSION OF SHIPS.

(See p. 209.)

The CHAIRMAN. Your estimate for the conversion of ships back to the condition in which they were in when taken, of \$52,000,000, I assume relates to privately owned vessels that you do not expect the Government to own at all?

Col. BETTISON. Yes, sir; they are chartered vessels entirely.

The CHAIRMAN. Of course, your Shipping Board vessels are chartered vessels, but they are not——

Col. BETTISON (interposing). They are chartered, but we do not pay them anything for the charter.

Mr. Chairman, in connection with this matter of appropriations to be released, there is one thing I would like to bring up. In the record of the hearings on the deficiency estimates, testimony was given by Mr. Piez under "River and harbor boat, item 235-A, purchase and construction." We had in our original estimates an amount of \$19,450,000 for the construction and purchase of harbor-boat equipment. In that estimate we laid down a program which was stated as being an approximation; that we desired not to construct all of that, but to purchase whenever we could find suitable boats. In the hearings on the first deficiency bill for 1919, in Mr. Piez's testimony his attention was invited to that item of the embarkation service of \$19,450,000, and he was asked if he could not take care of that program. He stated that he could—that that was what the Shipping Board or the Emergency Fleet Corporation was for, and that they would be very glad to do it. Apparently on the strength of this testimony, this estimate was cut from the appropriation for the embarkation service. As soon as that testimony was published, we promptly called on the Shipping Board to produce some of this program and we were informed they had no funds. We finally got them to state that they had between four and five million dollars from canceled contracts that they thought they might use for that purpose, but if they use that, the question is going to come up of our reimbursement to them, if they turn over the vessels to us. If possible, I would like to get at least a portion of that amount put back.

The CHAIRMAN. If I understand you, you mean that if Congress should now desire to reverse the position it took touching the voting of moneys specifically for those boats rather than having them built out of funds that were available with the Shipping Board, that this amount of \$62,000,000 that you figure could be covered into the Treasury should be reduced by the amount of money you estimated this fall as the cost of those boats?

Col. BETTISON. Yes, sir. We have a rather embarrassing situation in regard to several vessels that were requisitioned through the Shipping Board for the Army's account to send abroad in answer to Gen. Pershing's demand for additional harbor boat equipment. Those vessels were requisitioned. The armistice coming at the time it did, some of them were not sent abroad and some were. Of those that were not sent, some we are going to be able to return to the owners and cancel the requisitions, but there are some we are not going to be able to return to the owners, and it is going to be a difficult situation to pay for those boats under that status of getting money from the Shipping Board on a construction program.

CLOTHING AND GARRISON EQUIPAGE.

STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, AND MR. J. A. McCORMICK.

The CHAIRMAN. There has been appropriated for clothing and equipage \$1,397,704,704, and according to the table submitted there have been disbursements made and obligations incurred to

December 1 of \$798,990,672.15, there was a balance available as of December 1 of \$598,714,031.85, there was estimated as additional cash needs \$1,345,914.26, and a balance of appropriation not required or what might be called a free balance of \$597,368,117.59? Does that agree with your figures?

Gen. LORD. It does. The records show that under the clothing and equipage appropriation there was apportioned \$1,004,565,158.04, that of this amount there was disbursed and obligations incurred amounting to \$736,343,334.47, leaving an available balance of \$268,221,873.57. Under the approval of the Director of Purchase and Storage, Gen. Wood, who stated that because of the supply on hand there would be need of no further expenditure for clothing, this whole amount is available to be turned back into the Treasury.

The CHAIRMAN. You release your free balance, but what I should like to know is of the \$736,343,324.47 which under the head of clothing you state as the amount which has been disbursed or obligated?

Gen. LORD. Yes, sir.

The CHAIRMAN. How much has been disbursed and how much is obligated?

Gen. LORD. It is not shown as clothing, but is shown as clothing and equipage. I can give you the totals under clothing and under equipage, which constitute the two particular items involved in the first group, and which Mr. McCormick is responsible for. As to the savings under these appropriations through cancellation or termination of contracts, Mr. McCormick or Maj. Orton must answer for.

The CHAIRMAN. I would like to have stated for the record and inserted at this point how much of the \$736,343,324.47—which, it is stated, represents the disbursements or existing obligations as of December 1—represents actual payments and how much represents contract obligations.

Mr. McCORMICK. I will do so.

Disbursements.....	\$373, 249, 972. 18
Unpaid obligations.....	363, 093, 352. 29

The CHAIRMAN. Now, I understand that you have estimated that of the contract obligations, be what they may, there can be saved out of clothing and equipage proper, using those terms to designate the particular articles rather than the generic appropriation titles, \$148,000,000?

Mr. McCORMICK. Yes, sir.

The CHAIRMAN. How much of that relates to clothing?

Mr. McCORMICK. When the armistice was signed on November 11, we had existing then unfilled contract obligations in contract form amounting to \$324,000,000.

The CHAIRMAN. For the two purposes?

Mr. McCORMICK. For the two purposes, clothing and equipage; and the estimate is only a pure guess, because there have been no actual terminations, although negotiations are going on. So that there would be about \$148,000,000 of that in uncompleted material that the Government would not be obliged to pay for.

The CHAIRMAN. How do you arrive at that determination?

Mr. McCORMICK. By averaging the production as nearly as we can guess on the contracts where cutting of cloth had been suspended

and where dyeing of the wool had been stopped or the goods in process were to be finished. It was only a radical guess on our part, because we were requested to furnish a figure representing the amount of money that the termination of the contracts would be in undelivered materials.

The CHAIRMAN. What was the total of those contracts?

Mr. McCORMICK. About \$324,000,000 at the time of the armistice that was undelivered, in accordance with our reports at that time.

The CHAIRMAN. What do you include in the term "equipment"?

Mr. McCORMICK. Tentage, the shelter tents, and the equipment that was fully described in what is known as the equipment items.

The CHAIRMAN. Can you tell us what stocks of clothing you will have on hand, assuming that cancellations are made to the extent that you have indicated?

Mr. McCORMICK. \$750,000,000 is the estimate.

The CHAIRMAN. How much of that would be clothing?

Mr. McCORMICK. I would say somewhere in the neighborhood of \$675,000,000 to \$700,000,000. It would be just a guess on my part.

The CHAIRMAN. How much have you on hand delivered now, or do you know?

Mr. McCORMICK. As of November 1 we had on hand cloth valued at approximately \$600,000,000, made up into garments, and some 60 to 70 million dollars worth of what we term "yardage." The figures for the stocks on hand as of December 1 are now coming in. There will be a production from December 1 which will appear in the January 1 stocks on hand, and from this inventory must be deducted a maintenance for overseas. The initial issue to incoming troops was stopped in November, and since that time the quantities of clothing on hand have increased.

The CHAIRMAN. Can you put into the record a statement of the stocks on hand as of December 1 of the various items that go to make up the clothing?

Mr. McCORMICK. Yes, sir; I will do so.

Statement of the stocks of clothing on hand Dec. 1, 1918, at all points, viz, in depots, camps, in France, and in transit.

Article.	Stock on hand Dec. 1, 1918.	Article.	Stock on hand Dec. 1, 1918.
Coats, cotton.....	5,599,851	Puttees, wool, spiral.....	5,718,588
Coats, denim.....	4,424,269	Shoes, marching.....	4,555,904
Coats, wool.....	5,054,203	Shoes, field.....	7,966,787
Coats, oilskin.....	220,940	Stockings, cotton.....	9,986,973
Jerkins.....	2,083,036	Stockings, light wool.....	22,507,770
Mackinaws.....	55,978	Stockings, heavy wool.....	31,547,592
Mufflers.....	113,058	Caps, overseas.....	3,303,533
Overcoats.....	2,532,269	Hats, denim.....	4,362,881
Raincoats, foot and mounted.....	2,452,016	Hats, oilskin.....	432,376
Shirts, cotton.....	2,618,662	Hats, service.....	3,222,141
Shirts, flannel.....	9,351,258	Gloves, canton flannel.....	1,653,729
Trousers, denim.....	5,155,225	Gloves, heavy leather.....	3,106,881
Trousers, oilskin.....	180,173	Gloves, Jersey knit.....	6,623,548
Trousers and breeches, cotton.....	8,650,283	Gloves, wool.....	8,059,035
Trousers and breeches, wool.....	8,426,993	Mittens, canton flannel.....	3,046,859
Drawers, summer.....	26,713,513	Mittens, leather.....	4,757,028
Drawers, winter.....	18,514,856	Cloth, cotton, O. D.....	11,213,597
Undershirts, summer.....	32,107,689	Denim.....	22,371,196
Undershirts, winter.....	14,835,928	Duck, bleached.....	1,919,505
Boots, rubber hip.....	2,419,016	Lining, sleeved and body.....	851,339
Boots, rubber knee.....	554,565	Melton, 16-20.....	6,925,433
Leggins, canvas, foot and mounted.....	7,417,910	Melton, 30-32.....	3,036,750
Overshoes, arctic.....	1,761,629	Shirting flannel, 81-94.....	9,846,800

The CHAIRMAN. Now, can you furnish with that statement data of the quantities that you will have to take subsequent to December 1 by virtue of existing contracts which can not be canceled in whole or in part?

Mr. McCORMICK. I can estimate that.

Statement of the probable quantities of clothing to be delivered by contractors after Dec. 1, 1918.

Article.	Probable quantities accepted.	Article.	Probable quantities accepted.
Coats, cotton.....	188,500	Puttees, wool, spiral.....	508,600
Coats, denim.....	213,500	Shoes, marching.....	35,600
Coats, wool.....	445,000	Shoes, field.....	408,600
Coats, oilskin.....	13,500	Stockings, cotton.....	96,000
Jerkins.....	78,000	Stockings, light wool.....	1,758,500
Mackinaws.....	30,500	Stockings, heavy wool.....	1,674,000
Mufflers.....	25,000	Caps, overseas.....	214,000
Overcoats.....	136,000	Hats, denim.....	66,600
Raincoats, foot and mounted.....	268,500	Hats, oilskin.....	39,500
Shirts, cotton.....	8,100	Hats, service.....	110,000
Shirts, flannel.....	781,500	Gloves, canton flannel.....	342,500
Trousers, denim.....	218,000	Gloves, heavy leather.....	310,000
Trousers, oilskin.....	13,500	Gloves, jersey knit.....	432,000
Trousers and breeches, cotton.....	214,000	Gloves, wool.....	297,000
Trousers and breeches, wool.....	1,130,000	Mittens, canton flannel.....	418,500
Drawers, summer.....	724,000	Mittens, leather.....	754,000
Drawers, winter.....	778,500	Cloth, cotton, olive drab.....	2,722,000
Undershirts, summer.....	1,336,000	Denim.....	481,000
Undershirts, winter.....	919,000	Duck, bleached.....	428,622
Boots, rubber, hip.....	133,000	Lining, sleeve and body.....	2,295,000
Boots, rubber, knee.....	3,900	Melton, 16-20.....	458,000
Leggins, canvas, foot and mounted.....	206,500	Melton, 30-32.....	1,813,000
Overshoes, arctic.....	225	Shirting flannel, 8 1/2-9 1/2.....	

CANCELLATION OF CONTRACTS.

The CHAIRMAN. What situation have you found in connection with the cancellation of contracts, or have you canceled any?

Mr. McCORMICK. This has been the policy: The first action at the direction of Gen. Wood was to suspend all cutting of materials, and in the case of our woolen goods, which amounted to the most value, we suspended with every contractor the dyeing of any further material khaki color, and we directed the contractor to finish the goods in process. We instructed the supply officers to get in touch with each contractor, and have them to fill out questionnaires stating just what the condition of their stocks was and of the commitment deliveries on the things that they had. So that the production was practically suspended the minute they ceased cutting.

The CHAIRMAN. What have you found to be the attitude of those contractors where you have suspended their work along the lines you have indicated? Have you gone far enough to know whether they are willing to cancel the contracts?

Mr. McCORMICK. Every contractor, so far as I am able to observe, is perfectly willing so long as he finds that the Government will protect him in commitments of material. The only trouble that we have had has been with subcontractors as in the case, for instance, where a man is making underwear and has purchased wool to be knitted into the undergarments. Now, the subcontractor has a contract with the direct Government contractor, and in many in-

stances they have refused to settle. There have been meetings held with Gen. Wood and the manufacturers of both cotton and woolen goods in an endeavor to arrive at a fair basis for the adjustment of the prices.

COTTON AND WOOLEN SITUATION.

(See p. 217.)

The CHAIRMAN. What is the situation of the trade in connection with woolen and cotton goods?

Mr. McCORMICK. As to the situation of the trade, the only difficulty we anticipate at all is where we have special yarns that are not commercial. For instance, one of the difficulties is in connection with the extra heavy hosiery for the use of the Army, which are so far beyond the natural commercial demands that they can not be disposed of commercially. Therefore, there would be more difficulty there in the adjustment of the price. There will be a little more difficulty there than where it is a commercial yarn that can be woven into any type of fabric. Such a fabric can be used commercially so long as it is made of commercial sizes of yarn.

The CHAIRMAN. Speaking generally, are those materials that are being created, in order to be used by the contractors in the making of finished garments, of a commercial character or are they of a special character?

Mr. McCORMICK. Generally they are of a commercial character, and the only exceptions have been where the yarns have been made khaki colored, which is the Government color and those special instances where heavy socks and heavy underwear have been required, so that the article is practically not commercial.

The CHAIRMAN. What is the situation touching commercial stocks of wool?

Mr. McCORMICK. The commercial stocks of wool since the Government's control are practically entirely in the hands of the Government. To-morrow the first auction will take place in Boston.

The CHAIRMAN. You are speaking of wool as the clip, pure and simple, and I was speaking of wool more generally. What I want to know is what is the condition touching the stocks on hand of woolen goods. Is there a shortage in the country? I am speaking now only of the commercial side of it. Is there a shortage, or are the factories, distributors, and retailers reasonably well supplied? In other words, is there a demand for raw material and manufactured stuff in connection with woolen goods commercially?

Mr. McCORMICK. I believe shelf stocks are lower, and if the market price of wool is not settled, you will have on the part of manufactures, the fear that the present market price will go down, and therefore they will not buy raw wool, only such quantities as they need. If, however, the market is settled, you will stimulate production more because the stocks are down on wool goods, with the exception of heavy wool goods, which are not in demand commercially. There was a limited production of this before the war, but the demand has lessened at this time, partly because the buying power was vested in the soldiers who went abroad.

The CHAIRMAN. The reason for my question is to ascertain what likelihood there is of real loss that would come to those contractors with the Government by virtue of the cessation of work for the

Government, and whether there was not now a commercial need sufficient to absorb their activities, except in the particular instances that you have spoken of.

Mr. McCORMICK. My personal view is that in most instances those plants which are working solely on 100 per cent Government production will suffer more. If you will take, for instance, some factories making ladies' underwear. If they make these heavy weights that they never made before, and they have no ladies' underwear business this season, they will have much more difficulty in getting back to the commercial proposition than those factories which have only been doing 50 per cent or 70 per cent Government business, and have some selling organization to go right on with their regular business. I am talking about straight-line business. I do not mean mushroom concerns, but I mean by straight-line business the people who were in business before the war. That will be the greatest hardship in getting back to a commercial basis.

The CHAIRMAN. Take the matter of blankets, for instance: The average individual finds difficulty in procuring blankets even at what looks like extreme prices. Now, is there any shortage of commercial stocks of blankets?

Mr. McCORMICK. I would say so. There is a shortage of commercial stocks.

The CHAIRMAN. Do you find as a result of that a willingness on the part of contractors for blankets for the Government to relieve the Government of those contracts and get back into the commercial trade?

Mr. McCORMICK. Yes, sir; we have had several voluntary cancellations on these. In fact, we have had voluntary cancellations on all types of goods. Some of them have gotten permits to use Government-owned wool. The price will be adjusted at the Government price, so that they will go right over to civilian business. Some have voluntarily canceled their contracts, as I have said, and gone into the civilian business.

The CHAIRMAN. In making your estimate on the contracts in connection with woolen goods, have you estimated simply on the basis of the stuff that was cut, and that would, therefore, have to be used—

Mr. McCORMICK (interposing). Yes, sir.

The CHAIRMAN (continuing). Or did you estimate upon an assumption of the extent to which you could relieve the Government of contracts even where the goods were not cut?

Mr. McCORMICK. We took as a basis the number of units. If we had a contractor whose production we thought we would be able to curtail by 10,000 articles, we multiplied it by the unit price and made the estimate on that. If it was a case of woolen cloth, we did the same thing as to all the possible units we would be able to relieve ourselves from buying for at the full unit price.

The CHAIRMAN. As I understand you, your estimate was predicated upon your estimate of the amount of contract that was in process of being executed, either by having the yarn made or dyed, or the cloth cut, or what not, and that you assumed, where that condition existed to that extent, that the contract would have to be carried out, but that to the extent that no steps had been taken by the manufacturer

or his subcontractors that you could cancel that portion without loss to the Government?

Mr. McCORMICK. I think my answer to that is yes.

Mr. MONDELL. That is the approximation of your estimate?

Mr. McCORMICK. Yes, sir.

The CHAIRMAN. I assume you went on that theory on the belief that where there had not been actual steps taken to carry out the contract that the commercial demands of the world and the country would be sufficient to enable the various contractors to divert their energies into supplying those demands without much loss, if any, to them, and so they would and should be willing to release the Government.

Mr. McCORMICK. Yes, sir; with the exception of their commitments as to raw material, which we did not know at that time.

The CHAIRMAN. Even as to commitments for raw material, where those commitments did not go to the extent of requiring that character of raw material in commercial demand, would they not still be able to carry out their commitments without loss to themselves, using the material thus obtained for supplying the commercial demand?

Mr. McCORMICK. No, sir. In the case of woollens the Government controlled all of the wool and was disposing of it to contractors at a higher price than what is known as the British price and, therefore, the contractor having his commitments for wool was fearful that there would be a reduction in the price of wool and hence he said, "I can not sell my production on the basis of the Government price of wool at which I can buy now. The Government fixed the price of wool and, therefore, I hesitate to go into commercial business and put into cloth wool at a higher price than I might possibly be able to buy it at some time in the future."

Mr. MONDELL. Is not this true: That up to this time the embargo has been maintained on the foreign wools and that the Government price has been maintained, and that any fear that a contractor might have is not with regard to any condition that exists now, and if it has any basis at all, it is based on a fear that the embargo may be removed, and, when removed, the danger is—which may be real or not, as may develop or would develop in that case—that the price would go to the foreign price?

Mr. McCORMICK. Yes, sir; that is true.

Mr. MONDELL. But as conditions are now existing the contractor is protected, up to this time at least, in the price he paid?

Mr. McCORMICK. Yes, sir; for instance, yesterday there were 1,000,000 pounds of wool taken at the Government price and there have been approximately 6,000,000 pounds sold to contractors at the Government price since the armistice was signed.

WEDNESDAY, DECEMBER 18, 1918.

COTTON AND WOOLEN SITUATION.

(See p. 214.)

Gen. LORD. I would like to introduce a statement covering our wool operations for your information in connection with the testimony which closed last night on wool purchases and manufacture. Up to and including November 23 the Army has bought 421,373,609 pounds of wool at a cost of \$296,071,676.10. This wool has been bought by the Army and sold to contractors, the cost including warehousing costs, drayage, and such other expenses as are incident to handling and care, the contractors to pay for such wool in 60 days. There was no appropriation made for the purchase of wool, because it was supposed to be a self-liquidating proposition. There is on hand to-day, undelivered to contractors and unsold, 233,867,685 pounds of wool, costing the United States \$142,923,719.37. There is due on this wool \$3,500,000. That is due the British Government for Australian wool purchased from the British War Department. The reason that it has not been paid is that there is a controversy as to the exact cost to us of wool bought from the British Government and issued to contractors for purely war purposes. We are making the claim that we are entitled to the rebate that the British Government has allowed in other cases where wool has been used for military purposes, and it would involve about the amount we are holding, until the question has been settled by the War Trade Board.

There is yet to take of the domestic clip 70,000,000 pounds of wool at a cost of \$42,000,000; South American wool, not yet arrived, bought under a syndicate arrangement, 25,000,000 pounds of wool, at a cost of \$13,750,000; foreign wools, which we are obligated to take under an import license option, 27,000,000 pounds, at a cost of \$14,250,000. We have contracted to buy from the British Government 300,000 bales of Australian wool. This contract with the British Government we are trying to cancel. Little or none of this wool has been shipped up to date. I had a representative of my office get in touch with the War Industries Board and with the British Mission yesterday, and they are waiting upon the arrival of Mr. Patterson, who is due in New York to-day from London—and who has been looking out for our interests there, together with Mr. Bigelow, who represented the War Trade Board in London—and we are hoping to cancel this contract. If we are obliged to take it, it will amount to 100,000,000 pounds of wool, at a cost of \$60,000,000. So that our total wool operations, provided we are obliged to take this 300,000,000 bales of Australian wool, will line up as follows: Paid to November 23, \$296,071,676.10; due on first contract for Australian wool bought from the British Government, \$3,500,000; due on other wools from South America, Cape wool, and miscellaneous, \$70,000,000; due the British Government for second contract, unless canceled, \$50,000,000, making a total of \$329,071,676.10. Provided we are obliged to complete our contract with the British Government, it will leave a total outstanding liability of \$133,500,000. This \$133,500,000 has been included in the obli-

gations which we were discussing last night under clothing and equipage.

The CHAIRMAN. In other words, in making up that statement you assumed that you would have to pay that much on wool?

Gen. LORD. That is our actual liability to-day, but I am hoping to-morrow, or sometime this week, to reach a definite conclusion as to this \$60,000,000 due on this second contract.

The CHAIRMAN. But in presenting your statement you assumed you would have to pay \$133,500,000?

Gen. LORD. Yes, sir.

The CHAIRMAN. And whether you buy it or do not you will get a considerable return from the sale of it?

Gen. LORD. As stated yesterday, the first auction sale of wool begins to-day. The wool people with whom I discussed this matter last night think we stand to lose approximately \$50,000,000 on the sale of wool on hand and contracted for; but, as stated originally, no appropriation, of course, has been made for this, and under existing law whatever we receive from sales will augment our balance under "Clothing and equipage."

INCIDENTAL EXPENSES.

STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS.

STUDENT SOLDIERS ACTIVITY.

Gen. LORD. I want now to take up the student-soldiers' item which is under "Incidental expenses." There was estimated for and appropriated under additional expenses a total of \$61,749,778.33. Of this amount \$54,000,000 was set aside for the student-soldiers' activity, providing for the payment of the housing and tuition of the student-soldiers at the various educational institutions throughout the country. The estimate as submitted was on the basis of \$1 per day—50 cents for housing and 50 cents for tuition. I am going to include in the record a statement received originally from Gen. Rees, who, at the time the estimate was submitted and at the time of the signing of the armistice, was at the head of the student-soldiers' activity in the staff in the War Department. The first estimate submitted by Gen. Rees was that there could be turned back into the Treasury from this \$54,000,000 the sum of \$24,500,000. I afterwards took the matter up with him, but before it was concluded he was ordered away to a western station, and the estimate in the letter I submit is furnished by Mr. E. T. Hall, business director, who had actual charge of this work under Gen. Rees.

In this letter Mr. Hall states that he estimates that instruction for 76 days, beginning with October 1 and up to and including December 21, when we expect to have all of these men discharged, would be needed to cover the housing and tuition of 145,000 men; that the total expenses, which he figured at 40 cents per day for instruction and 30 cents per day for housing, would amount to \$7,714,000, and that it would be necessary to reserve a sufficient balance out of the money to settle those contracts under which they had obligated the Government to settle with the educational institutions on the basis of actual costs. In many cases dormitories were built and new equipment put in, and, as in most of those estimates that have come in, they have little or no idea of the cost of making the final settle-

ments with the various schools. They have instituted proceedings, which are now underway, in connection with the schools, so as to secure early settlements, because many of the schools are very much dependent on what they get out of these contracts to continue their activities during the balance of the year.

In the next recommendation he provides for turning back into the Treasury, or he recommends that there be covered into the Treasury, \$32,000,000 of the \$54,000,000 appropriated under the estimate submitted heretofore. I have increased that to \$36,000,000, figuring that the balance remaining should be sufficient to meet all their needs in settling these contracts. That would leave them \$18,000,000 for all purposes, and that seems to be a rather large sum, but I have no authority to cut it more than that amount.

The CHAIRMAN. Has any determination been arrived at as to the number of students that will be there or the weighted average?

Gen. LORD. They estimate that they had continuously 145,000 students from October 1, up to the time of discharge from the service.

The CHAIRMAN. I can not help but believe that that is an excessive figure. My understanding is that in a great many of those schools they did not get under way immediately and did not reach the full amount; that they are now prepared to close out, and that the students have gone prior to this time.

Gen. LORD. He says here that the institutions began housing and instructing these men, with a few immaterial exceptions, on October 1. His cost for housing and instruction there, which gives him a total of \$7,714,000, is a very modest estimate, and is much less than that we were given to understand would be the cost in submitting our estimates.

The CHAIRMAN. The thing I am struck with is that he seems to figure a maximum enrollment from the beginning of October to the 21st of December.

Gen. LORD. I asked what effect the influenza had upon it, which was at its peak about that time, and he said that the schools were affected by the influenza, but that the students were all there at the time. They were at the colleges, so that they were under expense.

The CHAIRMAN. His proposition would involve a demobilization on the 21st of December, whereas, I take it, there has been a constant demobilization?

Gen. LORD. No, sir; I think that they are just going out. We are just getting in returns calling for funds to pay the discharged soldier-students now. If any have gone out before the current week, we have no knowledge of it at the office. There might be individual cases, and there might be in some sections schools where the demobilization has started, but we are just now getting a reflection of it in our office through the calls for funds from these schools to pay the men on their discharge.

The CHAIRMAN. These are the figures, irrespective of the payments to the various schools for actual outlay by them in the way of buildings, etc., amounting to \$7,000,000—

Gen. LORD (interposing). No, sir; the total expenditure up to December 21, on account of housing and tuition would be \$7,714,000.

The CHAIRMAN. That is just for tuition, feeding, and housing?

Gen. LORD. Not for feeding. That is paid for out of subsistence. That is for tuition and housing. That is counted as an actual expenditure, and he estimates other costs which are very generally stated. He estimates that there could be safely taken away \$32,000,000, which would leave \$22,000,000 with which to settle with the colleges.

The CHAIRMAN. \$22,000,000 in addition to this \$7,714,000?

Gen. LORD. Yes, sir; and more than that. There is more in addition to the \$7,714,000. He says here:

We have also assumed that 50 per cent of the present members of the S. A. T. C. would after demobilization remain in college to the end of the present college year at their own expense. Accordingly, we have assumed that to reimburse the college for instruction costs after demobilization the amount required would not be in excess of one-half of what it would cost if the contracts had been carried through.

That is the basis on which it is figured. I will read his statement here:

Instruction, 194 days, at 40 cents, 145,000 men, 50 per cent.....	\$5,626,000
Housing, 194 days, at 30 cents, 145,000 men.....	7,439,000
Total.....	13,065,000

That he adds to his \$7,714,000 already expended. Then he adds:

Estimated maximum amount necessary to reimburse colleges for cost under contracts, \$20,779,000.

The CHAIRMAN. Is there anything in the contracts with those colleges by which we obligate ourselves to continue a given number of students for a given length of time?

Gen. LORD. No, sir. It provides that they shall be reimbursed for the actual costs entailed. I do not see any reason for that method of estimating costs, and I do not consider it tenable. I do not consider it a proper basis for the settlement. They really have no basis for settlement. They will not know until they go through the thing what the colleges have expended for dormitories and what extraordinary expenses the various educational institutions have been put to. But there is nothing in the contracts that requires that we should pay on the basis of the student-soldier the colleges have had on their rolls.

WASHINGTON, December 5, 1918.

Supplementing memorandum of Brig. Gen. Rees, relative to appropriation for Students' Army Training Corps:

1. If the \$54,000,000 appropriation in question has been and is to be used only for meeting the housing and instruction costs of the collegiate section of the Students' Army Training Corps, the amount of the appropriation which can safely be covered back into the Treasury is assumed to be \$33,000,000. This is \$3,000,000 less than two-thirds of the total appropriation.

2. The basis on which this estimate is made is as follows:

The number of collegiate section Students' Army Training Corps units is 525; the number of men inducted is approximately 145,000 men; the institutions began housing and instructing these men (with a few immaterial exceptions) on October 1; the contracts with the institutions call for taking care of the men from October 1, 1918, to July 1, 1919; the contracts provide for reimbursement to the institutions for their "actual and necessary costs" for the entire period covered by the contract.

The "actual and necessary costs" vary in different institutions and different parts of the country, and obviously could not be ascertained in advance; in fact they could not be completely ascertained until the contract was practically completed and all men discharged.

In order to provide the institutions with substantial monthly payments on account, arbitrary estimates of the average per man per diem costs for instruction and housing were estimated for the purpose of making routine payments. These per man per diem estimates were based upon the assumption that the contracts would be carried through to July 1, 1919, and that the "actual and necessary costs" of the institution would be distributed over 270 days, the period covered by the contracts.

After all the per man per diem payments have been made to the colleges up to the date of final demobilization, there will still be a substantial sum required for further payments to reimburse the college for the "actual and necessary costs" incurred under the contracts. Two separate and distinct elements must be borne in mind in this connection. First, the routine payments up to demobilization do not constitute payment of "actual and necessary costs" to date. The routine settlement rates are arbitrary and must be adjusted to costs. Second, the institutions can not immediately after demobilization relieve themselves of all their costs. Some of their costs have already been incurred for the entire period of the contract, e. g., erection of barracks and other buildings, employment of instructors for the full period, etc. While many of these costs can be reduced or recouped from other sources, the facts will differ in each case and can only be worked out by negotiation.

The computations upon which the foregoing estimate is based are themselves based on the following assumptions:

That the demobilization, which is scheduled to be entirely completed on December 21, will average to have been completed on December 15. This would leave 76 days for which compensation will be made in routine on the arbitrary settlement figures contained in the contracts. This leaves 194 days from the average date of demobilization to the end of the contract for which the institutions have incurred very substantial expense.

For the purpose of making this estimate, we have assumed that the average per diem costs to the institutions for instruction would have amounted to 40 cents per man and that the average cost of housing would have amounted to 30 cents per man, averaged over the entire period.

We have also assumed that 50 per cent of the present members of the S. A. T. C. would after demobilization remain in college to the end of the present college year at their own expense. Accordingly, we have assumed that to reimburse the college for instruction costs after demobilization the amount required would not be in excess of one-half of what it would cost if the contracts had been carried through.

Inasmuch as the 30 cents per day for housing takes into consideration salvage of specially constructed buildings, etc., we have for the purpose of this estimate made no deductions, and have taken the figure which it is estimated would have reimbursed the institutions in full for housing costs if the contract had been carried through. We have no question but this amount can be reduced by negotiation, by cancellation of leases, and by the leasing of buildings used by S. A. T. C. members, but the extent to which this can be done varies so in different cases that we can make no intelligent estimate of the amount.

Gross amount estimated to be proportionate amount of costs up to date of demobilization.

Instruction, 76 days, at 40 cents, 145,000 men.....	\$4, 408, 000
Housing, 76 days, at 30 cents, 145,000 men.....	3, 306, 000
Total.....	7, 714, 000

Estimated amount which should be retained to reimburse colleges for "actual and necessary costs," in addition to payments on account up to period of demobilization.

Instruction, 194 days, at 40 cents, 145,000 men, 50 per cent.....	\$5, 626, 000
Housing, 194 days, at 30 cents, 145,000 men.....	7, 439, 000
Total.....	13, 065, 000

Amount of appropriation.....	54, 000, 000
Estimated maximum amount necessary to reimburse colleges for costs under contracts.....	20, 779, 000
Balance to be covered back into Treasury.....	33, 221, 000

E. L.

*Business Director, Committee on Education and Special Training,
War Plans Division, General Staff.*

CLOTHING, ETC., RECLAMATION AND LAUNDRIES.

The CHAIRMAN. Colonel, I understand that in connection with the general appropriation for the Quartermaster Corps there is in a table which you have submitted of additional cash needs for the balance of the fiscal year included a \$25,000,000 item for contingencies in connections with allotments to clothing and equipage, and you now feel that that is unnecessary, and that it, therefore, can be subtracted from the total of additional needs for the fiscal year, which, in accordance with this table, amount to \$1,355,400,033.54.

Col. WOLFE. Yes, sir.

The CHAIRMAN. I notice, also, that this table of additional cash needs indicates an estimated cost in relation to salvage of \$48,602,756.09, and that you are prepared now to submit a revision of that showing that you will need \$30,931,435 in place of the \$48,602,756.09. Now, Colonel, suppose we take up this matter of salvage and get at the basis for this revision.

Col. WOLFE. Under regular supplies there is an item of \$683,377.08, which has been appropriated for the operation of laundries, of which amount \$5,040,656.08 had been disbursed, or the obligations had been incurred, up to December 1, 1918. There is a deficiency, therefore, of \$4,357,249 in that item.

The CHAIRMAN. Now, what is the situation touching laundries? Apparently you made an allotment of only six hundred and eighty-three thousand and some odd dollars for the operation of laundries, while you actually expended over \$5,000,000 for that purpose. Can you tell us just what you have been doing in regard to the operation of laundries?

Col. WOLFE. Capt. Cenfield, who represents the Salvage Division, will explain that.

Capt. CENFIELD. Mr. Chairman, in connection with that item, I would take it from the way the accounts are set up that the appropriation for the operation of laundries was originally included in what was known as item 37.

Col. WOLFE. Reclamation of clothing and equipage.

Capt. CENFIELD. As allotments for the operation of laundries were made from time to time, at least a part of them were allocated to the first item, 36.

The CHAIRMAN. Which is the item of—

Capt. CENFIELD (interposing). \$683,377.08. There is an item in the classification of accounts, item 36, which provides for laundry operation and maintenance, not including repairs, subdivided into laundry materials for use of general prisoners confined at military posts without pay allowances, and laundry materials for applicants for enlistment held under observation, whereas item 37 includes a subdivision for washing and cleaning clothing, and so I think that probably accounts for the discrepancy there.

The CHAIRMAN. If I understand you, what happened was this: You started out expecting to pay for most of the operation of these laundries out of funds that had been allotted to reclamation, and you are now in a bookkeeping way carrying these operating expenses against the specific item of operation of laundries?

Col. WOLFE. Yes, sir; that is right.

The CHAIRMAN. Now, what I want to know, however, is just what occurred. How many laundries have you, to what extent are you continuing to operate them, and what has been done and what is your policy?

Capt. CANFIELD. We have now nine large laundries, each capable of taking care of about 40,000 men. Those are at the camps and cantonments. Then there are about 15 small laundries, known as post laundries, capable of taking care of somewhere between 1,000 and 3,000 men. There was under construction at the time of the signing of the armistice 19 laundries with capacities of approximately 40,000 men each at camps and cantonments. Of those 19 practically all have been abandoned or suspended, with the exception of six at certain camps where the construction was more than 50 per cent completed, and of these the laundries at Camp Humphries and Camp Mills are practically completed and four are to be equipped 50 per cent. The buildings were more than 70 per cent completed, and in some cases 100 per cent.

The CHAIRMAN. Let me see if I understand you. At all of the laundries that were under construction at the time of the signing of the armistice the work was stopped off except as to five?

Capt. CENFIELD. Yes, sir; with the exception of four.

The CHAIRMAN. And as to those four, you are proposing to complete them to the extent of 50 per cent of their original capacity?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. Why?

Capt. CENFIELD. Well, it was the judgment of the General Staff, when this matter was considered, that there would be a demand for service in those camps until at least June, and probably later.

The CHAIRMAN. Why do you think it worth while to put in a laundry for six months' work?

Capt. CENFIELD. The machinery has been purchased and delivered.

The CHAIRMAN. And can not be disposed of?

Capt. CENFIELD. They have canceled the contracts for about 50 per cent of it.

The CHAIRMAN. Where are those four laundries?

Capt. CENFIELD. At Devens, Taylor, Gordon, and Grant.

The CHAIRMAN. Did you not have a laundry at Camp Taylor?

Capt. CENFIELD. Taylor had a laundry located in Louisville.

The CHAIRMAN. You had to take one over in order to get rid of a very bad contract that somebody made there?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. What was the reason, then, for building another laundry at Camp Taylor?

Capt. CENFIELD. I am not prepared to give that reason. We had built a laundry at Camp Taylor, which was 100 per cent complete when the armistice was signed.

Col. WOLFE. You had nothing to do with building it?

Capt. CENFIELD. No, sir.

The CHAIRMAN. Who determined the question of policy as to the completion of laundries?

Capt. CENFIELD. The General Staff.

The CHAIRMAN. Who on the General Staff?

Capt. CENFIELD. Col. Kellond, assistant to Gen. Jervay.

The CHAIRMAN. What order was given touching the matter? Did they order the work at specific places to be done, or did they lay down a rule as to when it should be done, and leave the local man in charge to determine whether the rule fitted his case?

Capt. CENFIELD. There was an order issued to abandon work on laundries which were under construction at the tent camps and to abandon construction on laundries at the cantonments where the work was, as I remember the figure used, less than 50 per cent complete. The following is a copy of the order:

DECEMBER 7, 1918.

Memorandum for the Construction Division.

Subject: Camp laundries and power plants.

1. You are directed to complete delivery of all laundry equipment which has been ordered for laundries and power plants where construction has not been abandoned or suspended.

2. You are further directed that only 50 per cent of such equipment shall be installed at the present time, the other 50 per cent to be stored at the laundry buildings pending the decision to the future military program.

HENRY JERVEY,

Major General, General Staff, Assistant Chief of Staff, Director of Operations.

A true copy.

(For the Director of Operations).

(Signed) JAMES A. BLAIR, Jr.,
Lieutenant Colonel, General Staff.

This is a true copy.

C. H. PRINDEVILLE,
Major, Quartermaster Corps, Liaison Officer.

The CHAIRMAN. By fifty per cent complete, did they mean to throw the building in with the machinery in order to determine the percentage of completion or did they mean the installation.

Capt. CENFIELD. The completion of the building. All of this machinery was under contract and a great deal of it delivered.

The CHAIRMAN. Are you planning to operate these laundries?

Capt. CENFIELD. That is the contemplation, to operate the laundries 50 per cent as long as the cantonments are serving troops.

The CHAIRMAN. Are you getting any profit out of the operation of these laundries?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. To what extent.

Capt. CENFIELD. For the month of October the total revenue from the service to officers, enlisted men hospitals and for operating credits was \$540,004 and the operating expense, including the military pay rolls, was \$321,139 for the same period. In other words, during that month there was a net credit of about \$220,000. The following is an operating statement for the month of November, 1918:

Operating expenses and revenues for laundries, November, 1918.

Camp.	Strength.	Total number of pieces.	Gross receipts and credits.	Personnel.		Material and supplies.	Fuel and operating.	Other operating expense.	Total operating expense.	Net profit.	Net loss.
				Military.	Civilian.						
Custer.....	35,044	1,047,529	\$91,718.44	\$5,345.54	\$15,576.01	\$4,383.57	\$843.02	\$771.78	\$28,899.92	\$24,814.52	.....
Dix.....	27,805	694,103	27,078.15	2,800.00	10,301.03	2,048.32	1,872.25	16.97	17,243.57	10,412.58	.....
Funston.....	48,760	951,462	76,798.35	17,840.85	14,263.40	4,098.33	3,684.41	.....	35,544.99	41,740.06	.....
Jackson.....	38,133	970,148	65,638.32	12,630.27	14,267.51	2,268.47	2,836.62	.....	21,153.72	25,490.60	.....
Lee.....	38,405	898,133	65,904.06	6,531.36	14,089.51	2,673.19	2,614.04	145.85	30,038.73	35,865.33	.....
Meade.....	42,674	1,166,457	99,215.05	8,549.80	19,684.03	5,353.19	2,618.26	128.78	40,885.08	28,321.97	.....
Taylor.....	46,096	848,806	69,331.74	685.66	14,141.41	2,432.34	2,028.03	3,682.80	19,490.65	4,842.09	.....
Travis.....	40,596	1,811,660	44,096.65	468.77	25,670.02	5,084.69	1,889.71	202.16	33,890.59	10,416.06	.....
Upton.....	25,275	1,346,992	49,088.30	19,948.74	9,004.28	1,337.61	2,765.35	42.27	33,098.26	15,990.04	.....
Alcatraz.....	755	173,556	5,297.45	879.00	180.00	1,669.14	548.87	.....	2,257.01	3,030.44	.....
Columbus Barracks.....	2,172	55,676	2,034.03	321.60	1,339.66	317.33	286.01	12.00	2,257.10	.....	\$223.07
Huachuca.....	5,031	37,500	1,237.73	81.00	1,104.38	281.85	402.85	.....	1,570.18	.....	632.45
Jefferson Barracks.....	5,103	215,969	5,690.46	202.80	2,046.58	401.89	365.09	37.50	3,053.86	2,636.60	.....
Fort Leavenworth.....	1,687	31,407	5,223.00	Free work.	116.67	391.23	215.00	.....	722.90	.....	499.90
Fort Logan.....	1,324	74,619	1,567.35	326.10	1,045.75	181.43	181.88	16.22	1,751.35	.....	184.03
Chemical Plant No. 4.....	4,102	455,811	11,972.10	.....	166.67	176.77	.....	.....	889.44	.....	457.16
Fort Sam Houston.....	.....	455,811	11,972.10	.....	4,738.82	1,540.78	649.75	118.00	7,048.36	4,923.74	.....
Merritt.....	.....	1,052,276	52,770.99	725.05	9,126.94	2,686.05	2,256.88	431.73	15,226.55	37,544.34	.....
Stuart.....	.....	33,867.15	33,867.15	8,868.60	15,817.36	4,172.74	1,059.04	150.81	30,068.55	3,768.60	.....
Total.....	.....	12,310,225	384,443.30	73,801.17	173,171.06	42,547.26	27,428.10	6,204.35	323,151.94	263,292.97	1,993.61
										261,296.86	

Pay roll expense of officers and enlisted men has been computed on the following basis:

	Per day.	Per month.
Private.....	\$3.00	\$78.00
Private, first class.....	3.11	81.00
Corporal.....	3.25	84.60
Sergeant.....	3.62	94.20
Sergeant, first class.....	3.92	102.00
Second lieutenant.....	6.37	165.60
First lieutenant.....	7.80	202.80
Captain.....	9.54	249.10

Camps in which enlisted men are being trained as operatives or are doing night work have been charged only 50 per cent for services of same.

The CHAIRMAN. Have you charged to the expense of the laundry all that ought to go there?

Capt. CENFIELD. All except depreciation on the building.

The CHAIRMAN. Do you charge the labor?

Capt. CENFIELD. Yes, sir; including the soldier labor.

The CHAIRMAN. How do you charge it?

Capt. CENFIELD. We have arbitrarily, Mr. Chairman, taken a definite basis for charging off soldier labor.

The CHAIRMAN. What is the usual investment in one of these laundries?

Capt. CENFIELD. A 40,000-capacity laundry costs complete about \$300,000.

The CHAIRMAN. Why should you at Taylor, in view of the fact that you have a laundry in the town, build another laundry out there?

Capt. CENFIELD. I can not answer that question. None of these plants has been built except where the commanding officer has recommended it.

NOTE.—The following relates to the establishment of the laundry at Camp Taylor:

1. Authority for the building of a laundry at Camp Taylor, Ky., was granted by the Secretary of War on July 9, 1918. This authorization was requested after receiving recommendations from the Adjutant General of the Army and the commanding officer and camp quartermaster, Camp Taylor, Ky.

2. It was the intention to make use of the laundry equipment at the plant existing in the city of Louisville as far as this equipment would go in the establishment of an adequate plant to meet the needs of Camp Taylor.

3. The reasons for moving this plant from the city of Louisville to Camp Taylor proper were:

First. That the plant which existed at Louisville was 7½ miles from the camp proper.

Second. That the plant did not meet over 40 per cent of the needs of Camp Taylor for laundry service.

Third. That a marked saving in the expense of operation would be accomplished by the elimination of the 7½-mile haul of this great volume of work.

Fourth. The plant would be under more direct control of the camp officers and would operate more efficiently.

Fifth. That it was intended to use the building which had formerly been occupied by the laundry in the city of Louisville for much-needed storage facilities.

J. E. DAHN,
In Charge Laundries Branch.

The CHAIRMAN. That is what you put in the hearings before the committee the last time?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. You have actually paid out \$5,040.656.08 in operating laundries?

Capt. CENFIELD. Yes, sir. That is, the finance books show that.

The CHAIRMAN. What additional amount do you expect to spend on operating laundries during the fiscal year?

Capt. CENFIELD. \$6,499,500.

The CHAIRMAN. That is for pure operation?

Capt. CENFIELD. The operation of laundries and the laundering of clothing turned in to the Quartermaster—it is the complete laundry service.

The CHAIRMAN. That is for laundering, pure and simple, and nothing else?

Capt. CENFIELD. Operating the laundries and contracting for laundry service for washing Quartermaster's property where there are no Government laundries.

The CHAIRMAN. What, if any, return do you expect to get this year out of running these laundries?

Capt. CENFIELD. If we can predicate the future on the return for the month of October, I would say that we would either have in actual cash return to the Government more than \$3,500,000.

The CHAIRMAN. If I recall your October figures, you made about \$200,000?

Capt. CENFIELD. That is net.

The CHAIRMAN. Yes, sir; but that is all that represents a saving?

Capt. CENFIELD. We are figuring only on the United States. This figure, \$6,499,500 is intended to meet the requirements of both the Army in the United States and overseas. In the United States our net return was something over \$220,000 for October. We have no definite return for overseas, although we have laundries over there.

The CHAIRMAN. What I should like to get at is what the running of the laundries in America at these various camps is going to cost you, and whether anybody has made an estimate to show that it pays to run them or whether you should shut them up?

Capt. CENFIELD. We have prepared estimates as to what it has cost to run these laundries and what the operating costs have been and what the returns have been.

The CHAIRMAN. But that is behind you. Most of these camps are going to be rapidly demobilized, and you are not going to have the same number of troops there, you will have troops not permanently there, coming in and going out, and that would change very considerably the quantity of laundry work to be done.

Capt. CENFIELD. We will still have the problem to a more or less extent, Mr. Chairman, of cleaning up after the soldiers have gone, which has always been a big problem, especially at the ports of embarkation, where they drop their clothing and equipment before embarking. You can not store that in a dirty condition. It has to be renovated.

Mr. EAGAN. What is the cost of the completion of the building, exclusive of the machinery?

Capt. CENFIELD. A 40,000 capacity plant costs about \$300,000 complete.

Mr. EAGAN. Including the machinery?

Capt. CENFIELD. Yes, sir.

Mr. EAGAN. What proportion of the \$300,000 relates to the machinery?

Capt. CENFIELD. About \$100,000.

Mr. EAGAN. Is that laundry machinery such that it can be readily disposed of to commercial laundries?

Capt. CENFIELD. It is all standard commercial laundry equipment.

Mr. EAGAN. The value of \$100,000 includes the installation of the machinery ready for operation?

Capt. CENFIELD. Yes, sir.

Mr. EAGAN. What is the proportionate cost of the installation as to the cost of the machinery as a whole?

Capt. CENFIELD. I am not prepared to say.

Mr. EAGAN. Approximately?

Capt. CENFIELD. Twenty per cent.

Mr. EAGAN. You spoke of the laundries at ports of embarkation. Have you erected laundries at all ports of embarkation?

Capt. CENFIELD. Yes, sir.

Mr. EAGAN. At Hoboken?

Capt. CENFIELD. There is one at Hoboken, Camp Merritt. There is one for Newport News, and one under completion at Camp Mills.

Mr. EAGAN. Are you sure that you have a laundry at Hoboken especially constructed on the order of these laundries?

Capt. CENFIELD. No; it is a laundry which has been taken over, the Washington Laundry, I think it is.

Mr. EAGAN. Of course, that laundry was equipped, possibly not completely, but it was a working laundry when you took it over?

Capt. CENFIELD. Yes, sir.

Mr. EAGAN. Did you have to install any additional machinery?

Capt. CENFIELD. There has been some additional machinery and equipment installed there.

Mr. EAGAN. But at Newport News and Camps Merritt and Mills you had to construct new laundries?

Capt. CENFIELD. Newport News and Camp Mills.

Mr. EAGAN. And Camp Merritt?

Capt. CENFIELD. No. The Washington laundry is ordinarily known as the Camp Merritt laundry.

Mr. EAGAN. You spoke about a certain number of laundries having been about 50 per cent completed?

Capt. CENFIELD. Yes, sir.

Mr. EAGAN. And that you were going to continue with the work of the construction of those particular laundries. Did you mean that you were going to complete them 100 per cent?

Capt. CENFIELD. Install equipment to 50 per cent.

Mr. EAGAN. And complete construction of the building, however?

Capt. CENFIELD. One hundred per cent. It was advised by the Construction Division that there would be no economy in making a building smaller after it had been 50 per cent completed. A large proportion of the expenditure is in the foundations and walls which had already been completed.

I might say, Mr. Chairman, that the actual cost of operation of laundries in camps where laundries are in operation amounts to about 50 cents per capita, and that the cost of the contract service rendered to the quartermaster for cleaning clothing and equipage amounts to practically the same amount, so that, as far as operating costs are concerned, it is just about as cheap, excluding the original cost of the equipment, as it is to contract only for the quartermaster service. Then, in addition to that, we have facilities for serving all the troops in the camps. This service is rendered to the enlisted men at a dollar per month and is a big advantage in that the enlisted men are assured of sanitary laundry service at a rate probably 50 per cent of what it would cost to get the service in commercial laundries.

Mr. EAGAN. Have you dry-cleaning plants at all of these laundries, or are they separate?

Capt. CENFIELD. No. We have a dry-cleaning plant which we lease at New York, a small dry-cleaning plant, and a small dry-cleaning plant in connection with the laundry at Camp Travis. It was proposed to build dry-cleaning plants at Atlanta, Fort Sam Houston, El Paso, and San Francisco, but that work was all called off with the signing of the armistice. Practically no expenditures were made and no contracts were entered into for equipment.

Mr. EAGAN. At how many camps have you abandoned the construction of laundries?

Capt. CENFIELD. I think it is eight camps.

Mr. EAGAN. Where the construction work was less than 50 per cent?

Capt. CENFIELD. And work has been suspended at two camps. At the other camps we were ordered to go ahead.

Mr. EAGAN. The work had been begun at all of the camps and cantonments?

Capt. CENFIELD. To a more or less extent. In some places the ground had only been broken.

Mr. EAGAN. Has any thought been given to the salvaging of this laundry machinery?

Capt. CENFIELD. There have been various plans under consideration; one has been to take the machinery that could not be turned back and install it in permanent Army posts. There have been very few Government laundries established in Army posts.

Mr. EAGAN. You will have a great deal more than you will need for that purpose, I take it?

Capt. CENFIELD. There will probably be more than is required.

Mr. EAGAN. The cost of installation is about 20 per cent the value of the machinery.

Capt. CENFIELD. That is as I recall the figure, but I can supply it accurately. The Construction Division has advised that the cost of installation varies from 10 per cent to 20 per cent, depending upon the size of the laundry.

Mr. EAGAN. Have you made any effort to ascertain what market there would be for it when the Government finishes with it.

Capt. CENFIELD. I think that has been given consideration by our Mr. Dann, and I am sure he would be glad to furnish a statement showing just what his plans are for the disposition of this equipment. We have a great deal of equipment which was not intended for any

of the laundries in the United States; we have so-called mobile laundries; a number of those were shipped overseas and a number of them were built and were ready for shipment. A plan is being worked out now to try to utilize those we have on our hands at permanent Army posts.

The CHAIRMAN. What was the total amount of money appropriated for salvage purposes, including laundries—salvage of all sorts?

Capt. CENFIELD. The amount that was appropriated for salvage purposes, both in the United States and overseas for the fiscal year 1919, was \$239,364,747.71. Of that amount the Division of Finance and Accounts' books show that there has been obligated or expended \$8,778,205.15, leaving a free balance of \$230,589,542.56.

The CHAIRMAN. To what extent do you expect to use any of that free balance?

Capt. CENFIELD. We expect to use \$30,931,435.

The CHAIRMAN. In place of the estimate submitted on this table of \$48,602,756.09?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. What program have you worked out touching the expense of the salvage department for the balance of the fiscal year? In other words, what goes to make up your \$30,000,000?

Capt. CENFIELD. Our estimates are predicated upon a weighted average of troops in the United States—812,000—and overseas, 1,045,000; and the operation of laundries and the laundry service rendered by contract to the Quartermaster Corps has been estimated at 50 cents per month per man, amounting to \$6,499,500.

REPAIRING OF SHOES.

(See p. 243.)

The repairing of shoes, based upon the reduced frequency of repairing shoes, due to the modified policy, amounts to \$7,885,200.

The CHAIRMAN. You had better explain that a little more in detail.

Capt. CENFIELD. This is predicated on there being three repairs per man for the period from December 1 to June 30, at an estimated cost of \$1.20 per pair.

The CHAIRMAN. Do you think that is a fair basis in view of the fact that you are going to get down to 500,000 men by July?

Capt. CENFIELD. The weighted average of 1,857,000 men has taken that into consideration, as I understand.

The CHAIRMAN. Then you seem to estimate the repairing of 1,000,000 pairs now?

Capt. CENFIELD. Yes; there are that many awaiting repairs.

The CHAIRMAN. You are going to have a good many more shoes than you can use?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. In view of that fact, to what extent are you going to undertake to repair old shoes.

Capt. CENFIELD. I will answer that question, Mr. Chairman, by submitting a communication which was sent out, outlining the policy in that connection. This is from the Salvage Division, office of the director of purchase and storage, to quartermasters, and the subject is "Reduction of repair work."

Reference is made to telegram from this office, December 5, 1918 (420 S-C-Gen'l) as follows:

Limit repair work to current requirements and the following: Uniforms and cotton shirts, if practically new; barrack bags, if in excellent condition, pillow cases if in excellent condition, service hats if in excellent condition, canvas cots if in excellent condition; the following if in good enough condition to be readily sold for civilian use when renovated and repaired: All underwear, blankets, mackinaws, overcoats, paulins, flannel shirts.

On account of the large supply of unissued uniforms and the impracticability of finding a commercial market for them if reclaimed, repair is to be limited to those which show no wear and which require only minor repairs of the simplest character, such as sewing on buttons, or sewing ripped seams. While cotton shirts could be readily sold for civilian use, it is thought best to limit their repair in the same degree.

A somewhat more liberal degree of repair is outlined for barrack bags, bed sacks, pillowcases, service hats, but as these are also in ample supply, discretion must be shown in selecting for repair only those which are in excellent condition.

The third group, all underwear, blankets, mackinaws, overcoats, paulins, flannel shirts, are to be renovated and repaired with the sole view of a profitable sale for civilian use. The repair of articles in this group should be undertaken only when it is reasonable to suppose that the increased value will be greater than the cost of repair.

The CHAIRMAN. That letter, incidentally, does not mention shoes, about which we were talking.

Capt. CENFIELD. There is another order which has been issued, that outlines the future policy, covered under purchase and storage notice No. 115, December 10, 1918:

Subject: Procedure in sales of unserviceable Government property.

As the demobilization of the military forces progresses, it becomes necessary to effect a plan for the sale of or disposal of unserviceable or worn Government supplies and materials resulting from such demobilization and for the dismantling of camps, cantonments, and other military reservations.

The salvage division in the office of the director of purchase and storage will direct the sale of all such property which comes under the classification mentioned, i. e., that material which can not be repaired or reclaimed and made serviceable to the Army for the purpose originally intended, and second-hand material, being materials and supplies which have been used and which can be sold in their second-hand or used condition to better advantage than if repaired and held for subsequent use by the Army or sold in their repaired state.

The rest of this order goes ahead and provides the method of sale.

The CHAIRMAN. What is your program touching shoes?

Capt. CENFIELD. It is not mentioned specifically in either order, but they will be handled in the same way as clothing; where they are to be used by troops they will be repaired; that is, current repairs, and where the repairs will make a more profitable and effective sale possible they will be repaired.

The CHAIRMAN. Do you believe it is possible to repair shoes so as to make an increased sale value in excess of the cost of the repairs?

Capt. CENFIELD. I am not prepared to answer that question; I do not know.

The CHAIRMAN. Do you not think you could not?

Capt. CENFIELD. I am afraid it would be a pretty difficult proposition to repair shoes, especially if they are very badly worn, and to get enough out of the old material, if sold at a sale, to cover the repairs.

The CHAIRMAN. Do you not know that even the new Army shoes will be sold at a tremendous loss?

Capt. CENFIELD. Undoubtedly.

The CHAIRMAN. And that secondhand shoes will be sold practically for nothing, and that all that is put in them in the way of repairs is just that much lost?

Capt. CENFIELD. I understand that plans are under consideration for utilizing at least a portion of these shoes for overseas, the Russians and the Belgians.

The CHAIRMAN. You mean the repaired shoes?

Capt. CENFIELD. The repaired shoes and the used shoes that are not repaired.

The CHAIRMAN. You have estimated the spending of \$7,800,000 on repairing shoes?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. Has not somebody an idea as to what you are going to get out of such a large expenditure?

Capt. CENFIELD. From April 1 to October 31 we had repaired a total, in the United States, of 2,557,194 pairs of shoes, at a total estimated cost of \$3,114,578.60.

The CHAIRMAN. That is a little more than \$1 per pair.

Capt. CENFIELD. Yes, sir. It is estimated that those shoes have rendered service to the Army to the extent of \$9,376,378.

The CHAIRMAN. How many shoes are on hand now?

Capt. CENFIELD. We have approximately 1,000,000 pairs awaiting repair.

Col. WOLFE. There were on hand 7,342,500 pairs of field shoes and 4,121,500 pairs of marching shoes.

The CHAIRMAN. That is 11,000,000 pairs of shoes?

Col. WOLFE. Yes, sir; on November 1.

The CHAIRMAN. That does not include what you will have to take?

Col. WOLFE. Yes, sir; that includes those shoes. If you like, I will read the entire memorandum in regard to that. In regard to field shoes there have been contracted for since the beginning of the war 18,656,000 pairs, of which there had been delivered up to November 16, 1918, 15,445,000 pairs, leaving a balance on order of 3,211,000 pairs. Of these we shall probably have to receive 1,605,500 pairs, leaving a balance of 1,605,500 pairs, which we may be able to cancel. The estimated value of the cancelled shoes is \$13,759,135. We shall probably have on hand January 1, 1919, 7,342,500 pairs less the consumption for November and December, 1918. In regard to marching shoes, there have been contracted for since the beginning of the war 12,071,000 pairs, of which 10,978,000 pairs had been delivered up to November 16, 1918, leaving a balance on order of 1,093,000 pairs. Of these we shall probably have to receive 546,500 pairs, leaving a balance of 546,500 pairs that we may be able to cancel. The estimated value of the cancelled marching shoes is \$4,683,505. We shall probably have on hand January 1, 1919, 4,121,500 pairs less the consumption for November and December, 1918.

The CHAIRMAN. In view of that statement do you think you are warranted in submitting an estimate for \$7,885,200 for repairing shoes?

Capt. CENFIELD. Well, that will depend on whatever policy is adopted for the disposition of those shoes.

The CHAIRMAN. I am trying to get your judgment as to the policy. I asked you whether you think, in view of what has been said, we ought to leave that much money to be spent for repairing shoes?

Capt. CENFIELD. I believe the Government will secure that much more for the shoes if they are sold in the open market.

The CHAIRMAN. You are figuring on spending \$1.20 in repairing shoes. Do you believe you can sell a secondhand Army shoe for \$1.20?

Capt. CENFIELD. I do not know; I do not think any of them have been sold.

REPAIRING OF OVERCOATS.

(See p. 244.)

The CHAIRMAN. You figure how much for repairing overcoats?

Capt. CENFIELD. \$1,144,200.

The CHAIRMAN. That is for those that are in use, and you figure \$30,000 for accumulations on hand?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. That is at an expense of 60 cents an overcoat?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. From the circular you read it appears you are to repair only such overcoats as would be fit for reissue when repaired?

Capt. CENFIELD. Yes, sir; our overcoats are all in very good condition; they have not been worn as much as the other clothing. For repairing wool coats we estimate \$762,800. That is predicated upon an average of repairing one coat per man for the balance of the year, at 40 cents per coat.

The CHAIRMAN. Have you undertaken to estimate whether that is simply in order to take care of current needs of the Army and prevent drawing upon reserve stocks or is it with the idea of a sale of some of these coats after they are repaired?

Capt. CENFIELD. This will just about take care of the current needs.

The CHAIRMAN. Are these ascertained costs or estimates?

Capt. CENFIELD. They are ascertained costs.

The CHAIRMAN. Charging overhead against them?

Capt. CENFIELD. No, sir; it is the direct cost. The overhead for the most part is supervision which is given by commissioned officers. It is the average of shops where civilian employees were used and where military service was used. In the military shops, or the shops where military services were used, there are no labor charges against this.

The CHAIRMAN. So that, to all of this should be added the number of men you are keeping in the service by virtue of doing this work?

Capt. CENFIELD. That would be an item.

The CHAIRMAN. It would be a very considerable item both to the country and to the Government.

Capt. CENFIELD. Yes, sir.

Mr. EAGAN. That includes shoes, too, does it not, Captain?

Capt. CENFIELD. Yes, sir.

REPAIRING BREECHES.

(See p. 244.)

The next is repairing breeches, wool, \$242,130. That is predicated upon repairing one and a half pairs of breeches for the weighted average of the strength of the Army at, 60 cents per pair.

The CHAIRMAN. What do they cost?

Capt. CENFIELD. I think they cost something over \$5.

The CHAIRMAN. What do woolen trousers cost?

Col. WOLFE. The cost of woolen breeches or trousers is \$7.75.

REPAIRING GENERALLY.

Capt. CENFIELD. The next is repairing on shirts, wool and cotton, \$1,343,475. That is predicated upon repairing one and a half shirts per man at a cost of 45 cents per shirt. The shirt costs something over \$3.

The CHAIRMAN. The cotton shirts do not.

Capt. CENFIELD. The cotton shirts cost about \$1. There are very few of them in the service.

The next is repairing coats, cotton, \$405,405. This is predicated upon repairing one-half a coat per man, at a cost of 33 cents.

The next is repairing breeches, cotton, \$757,020. This is predicated upon repairing three-fourths of a pair per man, at a cost of 40 cents.

The next is repairing hats and caps, \$986,800. This is predicated upon repairing one hat or cap per man at the rate of 40 cents. The average cost, as near as we can determine it, for repairing hats and caps, is about 40 cents, and it costs about 25 cents for renovating a hat in the Government shop.

The CHAIRMAN. You have 40 cents for that.

Capt. CENFIELD. Yes, sir; 40 cents. It costs 60 cents by contract to renovate a hat on an average, and about 25 cents in a Government plant. A new hat now costs the Government approximately \$1.75.

The next is repairing blankets, \$266,980. That is predicated upon repairing one blanket per man at the rate of 14 cents per blanket. Those repairs are very small except hemming the edges.

The next is repairing socks, wool and cotton, \$18,570. That is predicated upon one pair per man. That is in accordance with the new policy, and that is about all that will be done. We have repaired a great many socks in this country, but it has been done through the Red Cross.

The next is repairing undershirts, wool and cotton, \$658,240. That is predicated upon repairing two undershirts per man at a cost of 16 cents.

The next is repairing drawers, wool and cotton, \$1,234,200. That is predicated upon repairing three pairs per man.

The next is repairing sweaters, \$211,356. That is based on repairing 15/100 of a sweater per man at a cost of 72 cents. We are called on very little to repair sweaters, or we have been in the past. Very few Government sweaters have been issued.

The next is repairing coats, denim, \$51,425. That is based upon the repair of one-fourth of a coat per man at a cost of 10 cents.

The next is repairing trousers, denim, \$56,425. That is based upon repairing one-fourth of a pair of trousers per man, at a cost of 10 cents per pair.

DRY CLEANING.

The next is dry cleaning overcoats, \$1,898,290. That is based on dry cleaning one coat per man for the average strength of the Army, at a cost of 97 cents. That has been the average contract price.

The CHAIRMAN. Do you do that by contract?

Capt. CENFIELD. In practically all cases. We have a plant that was taken over in New York City and a small plant at Camp Travis. We had worked on a plan of establishing dry-cleaning plants at

certain general supply depots—one at Atlanta, one at San Antonio, one at El Paso, and one at San Francisco. It was found in those localities that the dry-cleaning facilities were limited, and it was necessary in order to take care of the Government problem and save a large amount of shipping to the North where they had large dry-cleaning plants, to install cleaning plants, but all of that work was stopped with the signing of the armistice. We had not entered into any contracts for the equipment.

The next is dry cleaning of coats, wool, \$978,500. That is predicated upon cleaning one coat for each man in the service, at a cost of 50 cents.

The next is dry cleaning of breeches, wool, \$1,585,000. That is predicated upon the cleaning of two pairs per capita, at a cost of 40 cents each.

The next is the dry cleaning of sweaters, \$58,239. That is predicated upon dry cleaning one-tenth of a sweater per man, at a cost of 27 cents.

REPAIRING CANVAS.

The next is repairing canvas, which includes tents, \$500,000. We originally estimated a much larger sum, but we have abandoned a great deal of the repair work on tents and canvas.

REMOVAL OF MANURE.

The next is removal of manure, \$100,000. That item is intended to cover the expense that the Government is put to in some cases in the removal of manure from the corrals where we are required to carry on that work for sanitary reasons. The original appropriation for this purpose was \$34,000. The obligations and disbursements amounted to \$165,807.75, and it is questionable whether \$100,000 will be sufficient.

The CHAIRMAN. Do you not get anything for the manure?

Capt. CENFIELD. There are places where we are unable to sell manure.

The CHAIRMAN. Where?

Capt. CENFIELD. One place I remember is Camp Lewis.

The CHAIRMAN. Where is that?

Capt. CENFIELD. At American Lake, in the State of Washington. There are other places where we can not get the manure removed at any profit to the Government. That applies to Camp Grant and Camp Dodge; and we have not been able to sell any manure in the Southwest.

Mr. VARE. Were public advertisements inserted in the newspapers in each of those cases?

Capt. CENFIELD. Yes, sir; we have not been able to work up any business at some of the camps. A list of manure contracts is given herewith:

REPAIRING BY RED CROSS.

Mr. VARE. You spoke of the repair of shirts, socks, and sweaters by the Red Cross. How was it determined by your department what quantity the Red Cross should repair?

Capt. CENFIELD. They have offered their assistance in that connection. Due to the shortage of materials in the manufacture of undergarments, they kindly offered their assistance to help out in the repairs. A policy was worked out to permit them to repair in so far as they were able to repair them. By that I mean under-clothing, socks, and sweaters.

Mr. VARE. Does that apply to all of the large centers of population where they have Red Cross headquarters?

Capt. CENFIELD. It applies to New York, and to a considerable extent to Philadelphia, Chicago, and San Francisco.

Mr. VARE. Do you have any record showing what work they have already done for the Government in the way of repairing these articles?

Capt. CENFIELD. I can furnish those figures.

Itemized list of articles required by Red Cross as reported by depots, camps, posts, and stations to the salvage division, O. D. P. S. While the record is not complete, it is an index of the nature of the work done.

	Breeches, cotton.	Breeches, wool.	Caps.	Coats, denim.	Coats, wool.	Draw- ers, cotton.	Draw- ers, wool.	Gloves, wool.	Over- coats.	Shirts, flannel.	Shirts, cotton.	Stock- ings, cotton.	Stock- ings, wool.	Sweat- ers.	Under- shirts, cotton.	Under- shirts, wool.	Miscel- laneous.	Total.
Zone 1: Boston depot.	198	1,202		55	413		320		1,190	5,009			6,000			103	10	14,500
Zone 3: Philadelphia.		1,010			1,277		1,690		11,034	2,060			264			1,864	118,069	139,418
Zone 4:																		
Lee, Camp.	1,287			250		4,407	1,452			456	880	773	2,803		414	1,452		14,174
Meade, Camp.						9,120	27,950			3,100		10,456	34,488		2,500	22,163		109,777
Total.	1,287			250		13,527	29,402			3,556	880	11,229	37,291		2,914	23,615		123,951
Zone, Washington.						2,390	4,865			36		3,784	4,252		1,073	1,877		18,967
Zone 5:																		
Atlanta depot.						165		2,000		2,732				2,151	14			7,002
Gordon, Camp.						4,046							6,300		1,400			11,746
Sheridan, Camp.						240	1,683					85	190	200	225	1,390		3,963
Total.						4,451	1,633	2,000		2,732		85	6,490	2,351	1,639	1,390		22,771
Zone 7:																		
Chicago.							640	1,080		670			710	190			6,540	9,630
Grant, Camp.									12,000			4,000	6,000					22,000
Shuman, Camp.	2,626			468	493		1,204			10,939						456		18,272
Snelling, Fort.				161		78	91			189		360	1,583	209	59	68		2,798
Total.	2,626			468	493	78	1,935	1,080	12,000	11,798		4,360	9,071	399	59	524	6,540	52,900
Zone 8:																		
Funston, Camp.							3,280			3,444		1,154	8,316					16,194
Taylor, Camp.								200		1,515		4,000	4,467					10,182
Total.							3,280	200		4,959		5,154	12,783					26,376
Zone 10:																		
Fort Sam Houston, Depot.														572				572
Logan, Camp.	300	3,415			439				75	1,952	34		630		200	77		6,492
Travis, Camp.																		630
Total.	300	3,415			439				75	1,952	34		630		200	77		7,994
Zone 11: Omaha Depot	215			11				400			84,719		400					85,745

Itemized list of articles repaired by Red Cross as reported by depots, camps, posts, and stations to the salvage division, O. D. P. S. While the record is not complete, it is an index of the nature of the work done—Continued.

	Breeches, cotton.	Breeches, wool.	Caps.	Coats, denim.	Coats, wool.	Draw- ers, cotton.	Draw- ers, wool.	Cloves, wool.	Over- coats.	Shirts, flannel.	Shirts, cotton.	Stock- ings, cotton.	Stock- ings, wool.	Sweat- ers.	Under- shirts, cotton.	Under- shirts, wool.	Misce- lane- ous.	Total.
Zone 13:																		
Fort Mason.....		11,788			4,904				8,272	126				2,630				27,779
Kearny, Camp.....	7,797									4,503								12,300
Seattle, Depot.....													400				500	900
Total.....	7,797	11,788			4,904				8,272	4,628			400	2,630			500	40,979
Grand total.....	12,423	17,415	1,469	784	7,586	20,446	42,945	3,680	32,171	36,730	85,633	24,612	77,581	5,952	5,886	29,460	126,719	531,461

AGRICULTURAL WORK.

The CHAIRMAN. You have an item here of \$100,000 for agricultural work. What was appropriated for this purpose?

Capt. CENFIELD. \$250,000.

The CHAIRMAN. What has been spent?

Capt. CENFIELD. There has been very little spent. I understand that there has been approximately \$10,000 allotted.

The CHAIRMAN. Why do you need any money for that purpose now?

Capt. CENFIELD. We thought probably that it would be well to include some money for that, as we have some crops that have been planted and we will need something to protect those crops until harvest. We have 1,310 acres in fall wheat planted, and on December 1 there were still 100 areas of potatoes to be dug, and there were 282 acres of truck gardens.

The CHAIRMAN. Of course, you do not need \$100,000 for that.

Capt. CENFIELD. We did not know just what the policy would be in the matter of carrying on agricultural activities for the Army next year.

MOBILE LAUNDRY PLANTS CONTRACT LIABILITY.

The CHAIRMAN. Then you have a contract liability estimate here of \$3,187,000. What does that cover?

Capt. CENFIELD. That covers those mobile laundry plants that have been purchased or contracted for and shipped overseas, the salvage of laundry plants which have been ordered for overseas, and the camp laundries in this country. The following gives the items in this amount:

ESTIMATED REQUIREMENTS FOR FISCAL YEAR 1919.

1. The estimated requirements for equipment of laundries for the fiscal year 1919, as revised December 4, 1918, by the laundries branch are as follows:

Total amount of laundry machinery contracted for on which no payments have been made.....	\$2, 134, 370
Estimated salvage through termination of contracts.....	1, 000, 000
	<hr/>
	\$1, 134, 370
Estimated requirements for fiscal year 1919.....	2, 052, 630
	<hr/>
Total estimated requirements.....	3, 187, 000

2. If the settlement of existing contracts can be carried through as advantageously as estimated, it will be possible to deduct from the total estimated requirements for the fiscal year 1919, \$1,000,000.

3. If authorization can be secured for the building of laundries at permanent posts and military stations, the surplus laundry machinery owned by the Government will be used in equipping such laundries.

4. Laundry facilities should be furnished at all permanent posts and military stations in order that the health of the men may be protected, cleanliness encouraged, and the esprit de corps and morale strengthened.

5. It is estimated that the amount mentioned will be necessary to put these laundries in operation.

J. E. DANN,

In Charge Laundries Branch, Salvage Division.

The CHAIRMAN. That makes your total of \$30,931,435?

Capt. CENFIELD. Yes, sir.

The CHAIRMAN. Suppose you put into the record this table that you have been reading from.

Capt. CENFIELD. I will do so.

(The table referred to is as follows:)

1. Estimates of costs of the operation of the Salvage Division for the months of December, 1918, to June, 1919, inclusive, are based upon the average strength of the Army as furnished by the Director of Finance, as follows:

United States.....	\$812,000
Overseas.....	1,045,000

Total.....	1,857,000
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While this is the average strength of the Army to be maintained during six months, yet the Salvage Service will be called upon to renovate and repair clothing for a much larger Army than is shown by the above average, as the garments turned in by troops being discharged, if the present policy is maintained, must necessarily be cleaned before they are returned to stock. There are also considerable accumulations of clothing and equipage on hand now awaiting renovation. An item has been included in this estimate to take care of these amounts.

2. No estimate has been included for the operation of camp printing shops, wagon and hardware shops or harness shops, as it is understood that the other divisions estimated on the supplies for these activities, while the services in connection with same are for the most part soldier labor.

3. There has been included a sum of \$100,000 for the removal of waste, such as the cleaning of corrals, etc. Funds which were appropriated for this purpose during the fiscal year of 1918 have already been overencumbered, as work of this nature must be done for sanitary reasons.

4. The sum of \$100,000 is included also for agricultural purposes. Considerable fall crops have been planted which will require harvesting next year. It is felt that some funds should be included for this purpose so as to protect any investment which may have already been made.

5. Herewith are the estimated requirements in detail showing the basis and the amounts required for the seven months:

Estimated requirements.	Amount.	Estimated requirements.	Amount.
Laundering purposes, 1,857,000, at \$0.50 per month for 7 months.....	\$6,499,500	Repairing drawers, wool and cotton:	
Repairing shoes:		1,857,000 by 3 by \$0.20.....	\$1,114,200
1,857,000 by 3 by \$1.20.....	\$6,685,200	600,000 on hand Dec. 1.....	120,000
1,000,000 pairs on hand.....	1,200,000	Repairing sweaters:	
Repairing overcoats:		1,857,000 by 0.15 by \$0.72.....	200,556
1,857,000 by 1 by \$0.600.....	1,114,200	15,000 on hand Dec. 1.....	10,500
50,000 on hand Dec. 1.....	30,000	Repairing coats, denim:	
Repairing coats, wool:		1,857,000 by 0.25 by \$0.10.....	46,425
1,857,000 by 1 by \$0.40.....	742,800	50,000 on hand Dec. 1.....	5,000
50,000 on hand Dec. 1.....	20,000	Repairing trousers, denim:	
Repairing breeches, wool:		1,857,000 by 0.25 by \$0.10.....	46,425
1,857,000 by 1.5 by \$0.60.....	167,130	100,000 on hand Dec. 1.....	10,000
125,000 on hand Dec. 1.....	75,000	Dry cleaning overcoats:	
Repairing on shirts, wool and cotton:		1,857,000 by 1 by \$0.97.....	1,801,200
1,857,000 by 1.5 by \$0.45.....	1,253,475	100,000 on hand Dec. 1.....	97,000
200,000 on hand Dec. 1.....	90,000	Dry cleaning coats, wool:	
Repairing coats, cotton:		1,857,000 by 1 by \$0.50.....	928,500
1,857,000 by 0.5 by \$0.33.....	306,405	100,000 on hand Dec. 1.....	50,000
300,000 on hand Dec. 1.....	99,000	Dry cleaning breeches, wool:	
Repairing breeches, cotton:		1,857,000 by 2 by \$0.40.....	1,485,600
1,857,000 by 0.75 by \$0.40.....	557,100	2,500,000 on hand Dec. 1.....	100,000
600,000 on hand Dec. 1.....	200,000	Dry cleaning sweaters:	
Repairing hats and caps:		1,857,000 by 1 by \$0.27.....	50,139
1,857,000 by 1 by \$0.40.....	742,800	30,000 on hand Dec. 1.....	8,100
610,000 on hand Dec. 1.....	244,000	Repairing canvas.....	500,000
Repairing blankets:		Removal of manure.....	100,000
1,857,000 by 1 by \$0.14.....	259,980	Agricultural work.....	100,000
50,000 on hand Dec. 1.....	7,000		
Repairing socks, wool and cotton,			
1,857,000 by 1 by \$0.10.....	18,570	Contract liabilities and additional requirements.....	27,744,455
Repairing undershirts, wool and cotton:			3,187,000
1,857,000 by 2 by \$0.16.....	594,240		30,931,455
400,000 on hand Dec. 1.....	64,000		

WEDNESDAY, DECEMBER 18, 1918.

STATEMENT OF BRIG. GEN. ROBERT E. WOOD, ACTING QUARTERMASTER GENERAL.**CLOTHING, CAMP AND GARRISON EQUIPAGE.****SALVAGE DIVISION.****GENERAL STATEMENT.**

The CHAIRMAN. General, there has been testified to-day to an estimated requirement for the balance of this fiscal year of \$30,-931,435 in connection with the Salvage Division of the Quartermaster Corps. The committee was desirous of obtaining from you some idea of the policy that had been adopted, if any, in connection with this salvage work.

Gen. WOOD. I have not seen that estimate since it was revised. They brought it in to me at \$48,000,000, and I told them that that was preposterous. I might say, offhand, that they could cut half of it off, but I have never seen it since they cut it off. Three days after the signing of the armistice, I called in Mr. Wrenn, who is at the head of this division, but who is out on the line making inspections right now to determine whether these instructions are being carried into effect, and I told him that we must radically change our policy on salvage. For instance, on shoes, we had gotten up to 520,000 pairs per month in repairing, and it was averaging us \$1.50 per pair, while we had nearly 2,000,000 pairs on hand.

Now, while it was good business to repair shoes at \$1.50 per pair before the armistice—first, because we needed the production, and we were just keeping up with it; and, second, because the shoes were costing \$7.15 per pair—the moment the armistice went into effect, that was not good business, and I told him to issue general instructions to all of those repair shops for shoes and clothing to only repair articles that needed slight repairs. For instance, in the matter of breeches, we had been almost rebuilding them, but the instructions were to only take those that needed patches and to junk the balance. In other words, I told him to reduce as a general policy, at least 50 per cent. Now, you have to leave something to the judgment of the camp quartermasters, but we did give them a list of certain items on which they should not make any repairs at all; that is, in the case of things of which we had an enormous overstock.

REPAIRING SHOES.

(See p. 230.)

The CHAIRMAN. Will you look at that table there of estimated expenditures? In connection with shoes, you will find it is contemplated to repair three times considerably over 1,000,000 pairs of shoes, and then to repair once a million pairs that are on hand, at an estimated cost of \$1.20 per pair, making a total, as I recall it, of something like \$8,000,000 for the repair of shoes. Do you think that is a proper expenditure?

Gen. WOOD. No, sir; I would not. I think that the men taken in the new draft that are in this country and many that will be coming back will turn in shoes.

The CHAIRMAN. This is for overseas as well as in America.

Gen. WOOD. It is too much. I should say that the quantity was all right, but the value is not. I would cut that down one-half.

REPAIRING OVERCOATS, COATS, BREECHES, ETC.

(See p. 233.)

The CHAIRMAN. Now, here is an estimate for repairing overcoats, at 60 cents per overcoat, which might seem to be justifiable, because of the value of the overcoat. Then, here are coats and breeches to be repaired at a cost of 40 cents and 60 cents each; shirts, wool and cotton, to be repaired at a cost of 45 cents each; repairing cotton coats at 33 cents each; cotton breeches at 40 cents each; hats and caps at 40 cents each; and socks at 10 cents each.

Gen. WOOD. I should eliminate the socks entirely.

The CHAIRMAN. Then we have undershirts at 16 cents each, drawers at 20 cents each, and, touching all of those matters, you have a tremendous quantity on hand, and you will have those quantities increased by virtue of the stocks that are in process of manufacture that you will have to receive. Now, the statement was made that it was contemplated as to shoes and some of those other things that there would be sold abroad a lot of this material. Do you believe that by any possibility we will recover from sales or from the non-issue of goods the \$31,000,000 additional that we are proposing to spend in this particular work?

LAUNDERING.

Gen. WOOD. \$6,000,000 is for laundering. I would say that it is still a gamble, but I believe it is a very good gamble. For instance, on shoes, Mr. McCormick wants 50 per cent of the reclaimed shoes on the order he has placed with us. There is a number of those salvage companies already forming in anticipation of this. The Du Ponts are behind one, and they have been down talking of taking several million articles of all kinds. I have no doubt that we can get rid of a great deal of these supplies, and if we could get pay for them I have not the slightest fear but what we could sell the whole amount to the enemy countries after peace is declared. I believe there will be a market for all of those articles of clothing. As to stuff like tentage and a lot of other special articles, I have absolutely eliminated as far as repairs are concerned. It is not worth while to repair cots.

Mr. MONDELL. What articles are those?

SALE OF MATERIALS TO FOREIGN COUNTRIES.

Gen. WOOD. The canvas Gold Medal cots. We had shops in all of those camps and depots. We had a big tent repair shop in Atlanta. We have 4,600 tents at Camp Johnson, at Jacksonville, and we told them not to repair any of them, but to scrap them for canvas rags. I did that, because I did not see any outlet for them. But in all of these other articles, I believe there is an outlet. Of course, I can not know any more about it than you know. We have made sales to the extent of \$2,000,000 to the Belgian Relief, or the Belgian Commission. That is not Mr. Hoover's outfit, but it is the Belgian Commission.

Mr. MONDELL. Of what kind of material.

Gen. WOOD. About \$700,000 worth of cloth, and other articles.

The CHAIRMAN. This is second-hand stuff, and it is second-hand, not only in the sense that it is Government-owned, but it is second-hand in the sense that it has been issued, used, and repaired.

Gen. WOOD. We talked with Mr. McCormick and his Russian company, and they told us that they will prefer that stuff. They want at least 50 per cent of the stuff that we sell, or 50 per cent of this reclaimed stuff if we give them a discount of 50 per cent, which would be good business. They have representatives who have already cabled for more of this material. They placed an initial order of 100,000 shoes, of which 200,000 represented reclaimed shoes.

Mr. MONDELL. A shoe, when a soldier turns it in and you repair it, ordinarily is a shoe nothing like nearly as far gone as a shoe would be when it was cast off by an ordinary workingman or by an ordinary individual who does not have to keep dressed up in pretty good shape. Is not that true?

Gen. WOOD. That is partly true. It is more true now than formerly. In the beginning it was just the other way, but that was largely on account of the shortage. In the beginning they wore them until they were wrecks, or until they were all gone, and we had to watch the men in the camps to see that the shoes were turned in before they were gone. The shoes that are coming to us now are in better shape.

EQUIPPING MEN WITH RECLAIMED CLOTHING.

Mr. MONDELL. In other words, you could make a pretty good shoe, as well as a pretty good-looking shoe, out of a great many of the reclaimed shoes?

Gen. WOOD. Yes, sir. Fifty per cent of the October drafts were outfitted with reclaimed clothing.

The CHAIRMAN. To what extent will this reclamation result in the lessening of the demands upon surplus stocks? Is it going to be your policy to issue all the available reclaimed equipment?

Gen. WOOD. Yes, sir; we are doing that now. Of course, there is very little issuing going on now, because very few soldiers in this country are drawing any material? The soldiers expect to be mustered out in the next 30 days or 60 days, and practically nothing is being issued right now. Of what there is, we insist on 50 per cent being reclaimed stuff. Before the armistice, when the new draft came in, we outfitted them with 50 per cent of reclaimed stuff. We insisted on it, and all the working clothes were entirely reclaimed stuff. Practically all of this stuff that will be reclaimed will go into stock.

The CHAIRMAN. Why?

Gen. WOOD. Because there is no market. The soldiers will not require it now.

The CHAIRMAN. Will they not require it in regard to shoes for the next six months?

Gen. WOOD. Take, for instance, the men in this country: You have 800,000 men to be mustered out in the next 40 or 60 days, and you may count on very little for them. The men in Europe are supposed to be reoutfitted just before they take the boat back. When we send them over or put them in the embarkation camps, we reoutfit

them at those camps. In other words, the soldier returning from Europe is supposed to come back either with a new outfit or an outfit that is in a perfectly serviceable condition, and he will not have to draw anything before he is discharged, assuming that the present policy is carried out.

I have had men out throughout the camps to find out whether by allowing each man to take his outfit home that they might not have the soldiers come in and draw new outfits just before they left, but I find that is not the case, and that they are going home with the stuff that they had before they were notified, except in a very few cases where the man's outfit has gone to pieces and they reoutfit him. In my opinion, the whole thing narrows down to whether you junk this stuff and get, say, three or four million dollars, or whether you put a certain amount of repairs on it and take the chance of selling it for, say, \$75,000,000.

The CHAIRMAN. That was what we wanted your opinion about, as to how far you were going to be able to find a market. Most of us have been under the impression that in the absence of some method developed for disposition, if the old method of getting rid of used and condemned Government material is to be followed, that a pair of shoes that you had reclaimed by spending \$1.20 on would probably bring 6 to 15 cents in a sale as junk shoes!

Gen. WOOD. You are perfectly right. The only chance is the unusual condition in the world abroad to-day. I think we will know a great deal more about this when Mr. Stettinius gets back. He is supposed to get back next week. I obtained authority to send a man abroad as a sort of salesman, to go over to Paris with samples of everything we have, both the new stuff and the old stuff. Every government in the world will be represented at Paris. It is my idea that they would approach each one of these Government representatives, and see what they could sell, but we found that Mr. Stettinius was on his way back, and when he comes back we are going over it with him and see what his ideas are about it. There is no question of the demand, especially in the enemy countries. Cotton underwear is selling in Vienna for about \$3. If we can get those people to make these sales before they get the raw material and before they get the factories going, I think you have a very good chance of selling them the new stuff at your invoice price and your old stuff at at least 50 per cent.

Mr. MONDELL. That means quick action?

Gen. WOOD. Yes, sir; within the next six months.

Mr. MONDELL. Does it not mean quicker than that?

Gen. WOOD. Not so far as the enemy countries are concerned. They can not get any raw material, cotton, wool, textiles, or leather. In the enemy countries and Russia clothing is bringing many times what we paid for it.

Mr. GILLET. Have they the money to pay for it?

Gen. WOOD. There is a question as to the enemy countries. Germany, of course, could absorb that amount, provided you do not take everything away in the shape of indemnity. In Russia you would have to take the raw materials. Mr. McCormick's company, which is practically a Government trading company, is to take this stuff over and bring back Russian products, and if that is handled right that ought to clear itself. There is nothing to be done with

the stuff, unless you put it in shape, except to junk it. We junked a lot of woolen and cotton rags. That market, like everything else, is off. We advertised 4,000,000 pounds. We had a base sorting plant in New York, where all these clippings from the plants came in. I wanted to give up the lease and disband the force and go out of the rag-sorting business by the 1st of January. I advertised 4,000,000 pounds. The best bid was 4 cents, \$160,000. It should have been \$500,000, even in an ordinary rag market.

The CHAIRMAN. What was the trouble?

Gen. WOOD. I think we made an error in advertising the sale of the rags before the sale of the wool. They did not know what the price of wool would be. The first wool auction will be on the 18th, 19th, and 20th. That will give them a basis, and I think we will get a better price. If you junk it, you realize practically nothing. There is some of it—take, for instance, the flannel shirts—that you can put 15 or 20 cents on and you will have an article that certainly ought to sell for double that. What I think would be the best policy and what I plan to do is to pick out only the best stuff in the next two months, because they can not muster anybody out, and have them work, say, for the next 60 days. By that time you ought to know more about the market conditions. If you do not see any chance to move it, then they should clamp down and junk it.

The CHAIRMAN. Has any thought been given to the desirability of laundering all of the used material on account of sanitary reasons as well as sale reasons?

Gen. WOOD. No; I can not answer that, Mr. Sherley. Perhaps Mr. Wren can. They may have come up here. I think that we should only do what laundering we have to.

THURSDAY, DECEMBER 12, 1918.

STATEMENTS OF BRIG. GEN. R. C. MARSHALL, JR., COL. F. M. GUNBY, COL. C. D. HARTMAN, AND MAJ. H. S. FRENCH, CONSTRUCTION DIVISION, AND BRIG. GEN. H. M. LORD, AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, UNITED STATES ARMY.

BARRACKS AND QUARTERS, ROADS, WALKS, AND SEWERS, CONSTRUCTION AND REPAIR OF HOSPITALS, SUPPLIES, SERVICE, AND TRANSPORTATION, QUARTERS OF HOSPITAL STEWARDS, SHOOTING GALERIES AND RANGES, FOR CONSTRUCTION PURPOSES FOR THE ARMY.

The CHAIRMAN. General, under many separate appropriations, such as barracks and quarters, roads, walks, and sewers, etc., there has been appropriated for the fiscal year 1919 in the Army act \$57,675,069, and in the recent deficiency act \$92,570,000, making a total of \$450,245,069 for the various construction purposes in connection with the Army. Previous to that there had been appropriated considerable sums for the fiscal year 1918. Touching those latter sums, most of the moneys have been spent or have been obligated, or had been obligated prior to last July, and to the extent that it has not been obligated it can not now be obligated. That is not it?

Gen. MARSHALL. No; it could be obligated up to December, but will not be.

The CHAIRMAN. No. The law permits you to obligate during the fiscal year?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. It does not permit you to obligate after the fiscal year. I am not talking about pay; I am talking about obligating. Is not that true?

Gen. MARSHALL. No. Any project that had been begun prior to July 1, could be continued to completion.

The CHAIRMAN. But that was obligated in a sense?

Gen. MARSHALL. In that sense, yes; but a project that was begun prior to July 1 might be increased or decreased. None of the projects has ever been carried out exactly as was in the mind at the time it was begun. Some of them were enlarged. In that sense; yes.

The CHAIRMAN. Have you now any statement touching the moneys that were appropriated prior to the fiscal year 1919 and the balances?

Gen. MARSHALL. I have not that. I could prepare a statement.

The CHAIRMAN. I wish you would do that so we can determine the moneys that are unexpended and which need not be expended.

Gen. MARSHALL. Yes, sir.

Statement of appropriations for construction purposes for the fiscal year 1918 and of obligations thereunder incurred by the construction division of the Army.

	Appropriated for construction in United States.	Obligated.	Balance.
Barracks and quarters.....	\$181,644,778.88	\$180,664,521.17	\$980,257.71
Supplies, services, and transportation.....	134,479,264.82	133,705,748.20	773,516.62
Roads, walks, wharves, and docks.....	33,423,689.00	29,457,935.54	3,965,753.46
Construction and repair of hospitals.....	71,293,815.00	77,130,982.63	15,737,167.63
Shooting galleries and ranges.....	7,029,876.00	4,549,330.78	2,480,545.22
Quarters for hospital stewards.....	18,800.00	18,582.48	217.52

¹ Over obligation.

The CHAIRMAN. Coming to the year 1919, how much of the \$450,-245,069 has been spent as of the latest date that you have?

Gen. MARSHALL. Actually been spent?

The CHAIRMAN. Yes, sir; withdrawn from the Treasury. What was your Treasury balance as of November 1?

Gen. MARSHALL. The unobligated is stated here.

The CHAIRMAN. But there is a distinction between obligation and expenditure?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. What is expended has gone beyond recall; what is obligated may need to be spent or not, according to the circumstances.

Gen. MARSHALL. I have not a statement of what has been expended. To get an actual statement of what has been expended, the checks that have been drawn for money, there is no information in this city that would give it to us.

The CHAIRMAN. Do you not have a Treasury balance as of a given date?

Gen. MARSHALL. Yes, sir; and the amount of money allotted to the field. In the field they have a balance of their own, but we can give you the amount which has been allotted to the field.

The CHAIRMAN. You can give me the amount withdrawn from the Treasury as of a given date?

General appropriation, Quartermaster Corps, 1919.

Amount withdrawn from the Treasury reported by the Director of Finance as of Dec. 1, 1918.....	\$103,397,091.83
Withdrawn from Treasury account by allotment to field officers, as of Dec. 1, 1918.....	150,051,436.32

Gen. MARSHALL. The local officer may not have gone through the routine to withdraw it, but we can give you the amount that we authorized him to withdraw.

The CHAIRMAN. When you withdraw it from the Treasury by putting it into the hands of the field officers, does not that show on the Treasury books, or does it, General?

Gen. LORD. Every penny of money is withdrawn by requisition and we can give you the unobligated balance under his various appropriations, "Regular supplies," "Barracks and quarters," etc., that is covered in your statement. We can give you an exact statement, and check it up with them, if they have not prepared it.

The CHAIRMAN. How much of the \$450,000,000 has been either spent or obligated?

Gen. MARSHALL. The obligations amount to \$303,065,354.42.

The CHAIRMAN. That is only of the moneys you received from the Army act?

Gen. MARSHALL. Yes, sir; and the urgent deficiency bill, \$27,150,000.

The CHAIRMAN. Making a total of \$330,215,354.42.

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. So you have an absolutely free balance of \$120,029,714.58?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Is that a free balance in the sense of being in no way obligated?

Gen. MARSHALL. Yes, sir; in no way obligated.

The CHAIRMAN. There is no contemplated obligation of it?

Gen. MARSHALL. No, sir; not so far as I know.

The CHAIRMAN. That amount of money could clearly be taken from the various appropriations that I have referred to and be covered back into the Treasury?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Of the \$330,000,000 which has either been spent or obligated there must be a considerable part which has also been obligated and not spent?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Have you any data as to the amount of that? Of course, that brings me back to the question I asked a while ago as to how much had been spent.

Gen. MARSHALL. We can give you what the field has been allotted. We would have to get from each of the 441 places a statement to give you the exact figures, as to what has actually been checked out.

The CHAIRMAN. You have undertaken to make an estimate of what portion of the \$330,000,000 could be saved to the Treasury and not expended?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. How did you get at that if you do not know how much has already been expended?

Gen. MARSHALL. We took the percentage completion of the different jobs and arrived at it through a process of estimating. We took the percentage completion of the different jobs and took those that are to be carried to conclusion and excluded them from the estimate and gave you an estimate in that way, and it is worth just what that would indicate.

The CHAIRMAN. If I understand you, this \$330,000,000 of obligations of the Government has been created for the carrying out of certain projects?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Totaling how many?

Gen. MARSHALL. Four hundred and forty-one.

The CHAIRMAN. Of those projects you knew approximately the state of their completion?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. And those that were to be completed in their entirety you took the estimated cost of the buildings and subtracted it from the \$330,000,000?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. And the remainder represented work that was partially completed and work on which would be either wholly or partially stopped?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. You then estimated as to each project the probable amount of work which would not be done?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. And you took that away from the estimated cost of the project?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. And by that method determined how much of the \$330,000,000 you would have to spend?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. What did you determine of the \$330,000,000 you would have to spend or had spent?

Gen. MARSHALL. We determined that \$23,000,000 could be saved, if that is the right word to use, the estimated saving on the third sheet.

The CHAIRMAN. In other words, out of the \$330,000,000 of work that had been done or was in process of being done there could be \$23,000,000 worth of it abandoned?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. That \$23,000,000 added to the \$120,000,000 would give you, then, apparently \$143,000,000 of savings, but your table indicates that you are going to save \$150,000,000. What is the occasion for the difference?

Gen. MARSHALL. The table is made to show the Regular Army bill and the first urgent deficiency bill. In the upper table the

appropriation "Construction and repair of hospitals" is shown to be overdrawn by \$8,612,819.59, but in the same table this amount is shown deducted and to be charged to the first urgent deficiency bill, thus making the actual amount obligated from the regular 1919 appropriation act \$292,452,534.83, in place of \$303,065,354.42. This amount \$8,612,819.59 is included in the \$25,000,000 obligation under "Construction and repair of hospitals" shown in the second table, which is the statement of the first urgent deficiency bill. The statement would then be as follows: Total appropriated, \$450,245,069 (including the "contract authorizations" of \$15,750,000); total obligated, \$321,602,534.83; balance, \$128,642,534.17, to which will be added savings of \$23,000,000; making the total which may be cut \$151,642,534.17. However, there is included in this total of \$151,642,534.17 the \$15,750,000 contained in the first urgent deficiency bill for the fiscal year 1919, under "contract authorizations," but for which the actual money appropriation has never been made.

CONDITION OF WORK—STORAGE PROJECTS.

The CHAIRMAN. General, can you tell us just what is the situation touching these projects. In other words, what buildings are there that you have determined to complete in their entirety? By buildings, I mean building projects.

Gen. MARSHALL. Yes, sir. The storage projects are the only ones, I believe, that are to be completed in their entirety.

The CHAIRMAN. Do you recall what amount of unfinished work, in round figures, there was to do on these storage projects at the time of the signing of the armistice, which it is proposed to complete?

Gen. MARSHALL. I could probably run through them. Boston was perhaps 80 per cent completed; New York was perhaps 60 per cent completed; Norfolk was perhaps 85 per cent completed; Charleston was perhaps 70 per cent completed; and New Orleans was perhaps 30 per cent completed, or one-third, I would say; perhaps \$35,000,000 of work to be done on those terminal projects.

The CHAIRMAN. Do you recall what the projects as completed involved in expenditure?

Gen. MARSHALL. I would say between \$110,000,000 and \$120,000,000.

The CHAIRMAN. And \$35,000,000 remained to be done at the time of the signing of the armistice?

Gen. MARSHALL. Yes, sir; but that statement has to be modified to this extent, that, although that much was to be done, yet the materials had been ordered, such as elevators, and were in the factory, and I dare say, fabricated, but they had not yet reached the job.

The CHAIRMAN. In other words, on a percentage basis the amount of money value of the work to be done and paid for amounted to some \$35,000,000, and the cessation of that work would have resulted in a reduction of liabilities of the Government to the extent of \$5,000,000?

Gen. MARSHALL. That is right, sir.

The CHAIRMAN. A part of that expense had been so incurred that it would have to have been met in any event?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. What, if you know, was the determining factor in the conclusion reached by the War Department to finish these storage places?

Gen. MARSHALL. I can not answer that definitely. While it is a little bit more than a conjecture, almost in the class of a conjecture, these buildings finished are very valuable assets, and as they stand to-day, if not completed, why, their value would not be anywhere near as much as the difference in cost to complete them. That is true of all, perhaps, except New Orleans.

The CHAIRMAN. In other words, aside from the need to use them, as a matter of salvage, in your judgment, as a builder, it was of value to complete them rather than to stop them in an unfinished condition?

Gen. MARSHALL. I think that is unquestionably true.

COMPLETION OF WORK IN CONNECTION WITH CAMPS AND CANTONMENTS.

(See p. 265.)

The CHAIRMAN. How much work, other than work in the way of storage facilities not completed at the time of the signing of the armistice, is to be completed in connection with the camps and cantonments?

Gen. MARSHALL. I would have to go through the percentage of completion and know which are to be finished or abandoned in order to answer that question. I have not that information. The work at all of the tent camps has been stopped, except such as is imperatively needed to protect property or to preserve the health of the people. That has all been stopped. The work at the cantonments has practically been stopped. There might be some few exceptions to that, but I do not recall any now. The smaller work at the army posts, the buildings, most of them buildings more than 35 per cent completed, are to be completed; that is, the material is on the ground at these permanent army posts, those buildings which it was figured would be usable. Not to complete those that are 35 per cent or more completed and where the material is on the ground would be false economy.

The CHAIRMAN. What, if anything, are you doing to prevent the continued production and shipment of material intended for use at these various camps and cantonments?

Gen. MARSHALL. We have notified all the manufacturers not to ship anything, and, as I indicated to you just now, I have here a list of some ten thousand contracts for material, and we are negotiating with the manufacturers not to ship that stuff. Of course, each case will rest on its own merits as to whether or not the Government's interest will be best served through the acceptance of it or by entering into such agreement as may be necessary not to ship it.

The CHAIRMAN. If I understand you aright, you have practically stopped all work at the camps and cantonments and the only work that you are continuing in the way of barracks and quarters or roads and so forth, incident to barracks and quarters, is work being done at regular Army posts where there has been as much as a third of the project completed?

Gen. MARSHALL. That is it. Not necessarily the project, but for a building, or rather some unit of the project.

ABOLISHMENT OF OVERTIME, SUNDAY AND HOLIDAY WORK.

The CHAIRMAN. The result from that has been a very large reduction of labor?

Gen. MARSHALL. Approximately 100,000 reduction.

The CHAIRMAN. That labor was being employed, I presume, by the contractors?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. And it was not direct employment by the Government?

Gen. MARSHALL. Some of it, but mostly by the contractors.

The CHAIRMAN. Where labor is still being continued, have you abolished overtime and holiday and Sunday work?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. In every instance?

Gen. MARSHALL. In every case. There is no exception, I believe. We asked for an exception from the Secretary of War, but he would not authorize it. Are there any exceptions, Col. Gunby?

Col. GUNBY. There are one or two minor exceptions of heating in hospitals only at ports of debarkation, where everything was finished except the hospital, and they had patients coming there, and we did work ten hours a day, as I recall, on the heating and the heating only.

The CHAIRMAN. That of itself will result in a considerable cheapening of cost of completion of buildings that are being completed?

Gen. MARSHALL. It ought to.

The CHAIRMAN. It will.

Gen. MARSHALL. Yes.

The CHAIRMAN. In figuring your estimate of saving on obligations that have been incurred, was that factor considered?

Gen. MARSHALL. Yes, sir; that was considered. For instance, on the Charleston job, although we made no reduction on that particular job, and as far as the cost of material is concerned, that is not going to be any less, but so far as the labor item is concerned there will be a reduction in that perhaps of 15 per cent.

The CHAIRMAN. Why should not that figure in your total of savings?

Gen. MARSHALL. Yes; that is true.

The CHAIRMAN. In other words, you have indicated you could reduce the Government's obligations by \$23,000,000. Now there is \$35,000,000 worth of work that you are going to carry through and if there should be a 10 per cent saving on labor that would result in saving quite a tidy little sum, even in these days.

Gen. MARSHALL. Yes; probably from \$1,000,000 to \$1,500,000.

The CHAIRMAN. So that your \$23,000,000 estimate—

Gen. MARSHALL. It could be advanced.

The CHAIRMAN (continuing). Is conservative?

Gen. MARSHALL. Yes, sir.

UTILIZATION OF MATERIALS AND SUPPLIES ON HAND FOR COMPLETION OF WORK—CANCELLATION OF CONTRACTS.

The CHAIRMAN. In completing any work that is to be completed, are you creating orders for new material; in other words, are you in any sense adding to the obligations of the Government for material

or supplies in order to complete any of the projects that you indicate are going to be completed?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Why?

Gen. MARSHALL. Because we have no material or equipment that would fit some of the projects being completed. That would be the only reason. Where we have material needed at any place, we immediately go to our inventories to see if it can not be shipped there from some other place.

The CHAIRMAN. There is mighty little material that you would need that you have not got on hand.

Gen. MARSHALL. Yes; that is true, but then there is some that we have to buy for these projects that are going forward. Most of the orders had been placed prior to the signing of the armistice, and we stopped that and are only letting go forward now stuff that we can not get from some other place.

The CHAIRMAN. Even though you had an order out, deliveries had not been commenced under it, and the material to be delivered under it was material of which you have some available; do you permit that order to continue or do you undertake to cancel it?

Gen. MARSHALL. We undertake to cancel it.

The CHAIRMAN. Did you have cancellation clauses in all your contracts?

Gen. MARSHALL. I think so, but I would like to see one before answering that definitely.

CANCELLATION AND TERMINATION BEFORE COMPLETION.

SECTION I. CANCELLATION FOR CONTRACTOR'S DEFAULT.

In the event of the Contractor's default in making deliveries at the times and in the quantities herein specified, or in performing the work at the times and in the manner herein provided, the Contracting Officer may at any time and from time to time, at his option, by giving written notice to the Contractor, cancel on behalf of the United States the delivery or performance of all or any part of the articles of work then in arrears, and such cancellation shall be deemed to be effective from such date as may be specified in said notice.

Articles or work completely manufactured or completely performed in accordance with the requirements of this Contract at the date any cancellation above permitted is to become effective shall be accepted, and upon delivery shall be paid for by the United States at the contract price or compensation. Any such cancellation shall be without prejudice to any other rights or remedies or to any claim against the Contractor which the United States may have by reason of such default or otherwise.

SECTION II. TERMINATION IN PUBLIC INTEREST.

If, in the opinion of the chief of the bureau, the public interest shall so require, this Contract may be terminated by the United States by..... days' notice in writing from the Contracting Officer to the Contractor, and such termination shall be deemed to be effective upon the expiration of days after the giving of such notice, and shall be without prejudice to any claims which the United States may have against the Contractor under this Contract. After the receipt of such notice the Contractor shall not order any further materials or facilities, or enter into any further sub-contracts, or make any further purchases in connection with the performance of this Contract, without written consent previously obtained from the Contracting Officer, but inspection of the completed articles or work and acceptance thereof by the United States in accordance with the terms of this contract shall continue during such period of days as though such notice had not been given.

In the event of and upon such termination of this Contract prior to completion, as provided in this Section II, for any reason other than the default of the Contractor, the United States shall make payments to and protect the Contractor as follows:

(a) The United States shall pay to the Contractor the contract price, or compensation not previously paid, for all articles or work completely manufactured or completely

performed in accordance with the requirements of this contract at the date such termination becomes effective.

(b) The United States shall reimburse the Contractor for such proportion of the Contractor's expenditures (other than expenditures for plant, facilities, and equipment solely provided for the performance of this Contract) made by the Contractor in good faith in connection with the performance of this contract, as is fairly and properly apportionable to the articles or work the delivery or performance of which is so terminated, plus per cent of the amount so ascertained. Any raw materials, articles in process of manufacture, and other property so paid for shall become the property of the United States.

(c) The United States shall protect the Contractor against such proportion of the Contractor's outstanding obligations, incurred by the Contractor in good faith in connection with the performance of this Contract, as is properly and fairly apportionable to the articles or work, the delivery or performance of which is so terminated.

The facts to be determined under the above subdivisions (b) and (c) shall be determined by agreement between the Contractor and the Contracting Officer, and in event of their failure to agree shall be determined by three persons: one is to be appointed by the Contractor, one by the Contracting Officer, and the third by these two.

(d) The United States shall also pay to the Contractor on account of depreciation or amortization of plant, facilities, and equipment, solely provided by the contractor at its expense for the performance of this Contract, an amount to be determined as follows: As soon as conveniently may be done after such termination of this Contract, the fair market value of such plant, facilities and equipment at the time of such termination shall be determined by an appraisement to be made by three appraisers, one to be appointed by the Contractor, one by the Contracting Officer, and the third by these two. The United States shall then pay to the Contractor such part of the amount by which the cost to the Contractor of such plant, facilities, and equipment shall exceed such appraised fair market value thereof as shall be fairly and properly apportionable to the articles or work the delivery or performance of which is so terminated; and in determining what amount is so fairly and properly apportionable due regard shall be had to the extent to which this Contract shall have been performed and the extent to which the cost of said plant, facilities, and equipment should be regarded as having been absorbed by such performance. The amount so fairly and properly apportionable shall be determined by agreement between the Contractor and the Contracting Officer, if possible, and in the event of their failure to agree shall be determined by three persons: one to be appointed by the Contractor, one by the Contracting Officer, and the third by these two.

In the event of the termination of this contract under this Section II, any and all obligations of the United States to make any payments to the Contractor under this Contract, other than those specified or provided for in this Section II, and in the Article hereof entitled "Patent Infringements," shall at once cease and determine.

The CHAIRMAN. What was the character of those cancellation orders? Did they provide for a certain percentage of damage to be paid to the contractor whose order was cancelled?

Gen. MARSHALL. I do not know that we have had any case yet where we have had to do that. An effort is being made to pay for the amount that has been delivered at the unit price and for no delivery to be made on the rest.

The CHAIRMAN. Do you pay any sum as liquidated damages for profit that would have been made by virtue of the carrying out of a contract or for any loss that would be sublet by virtue of material ordered by the contractor which he in turn can not relieve himself of?

Gen. MARSHALL. That is something that will probably happen, and that is just exactly a part of the negotiations under the cancellation of these contracts.

Mr. BYRNES. Referring to your statement as to the discontinuance of work in camps, is that true of all camps?

Gen. MARSHALL. Yes; except those that are to be carried to completion.

FAYETTEVILLE, N. C., PROJECT.

Mr. BYRNES. For instance, is the camp at Fayetteville, N. C., one of the projects to be carried to completion?

Gen. MARSHALL. Yes, sir.

Mr. BYRNES. Why?

Gen. MARSHALL. It is not to be carried to entire completion. The size of it was reduced, and at its reduced size, it is to be carried to completion.

Mr. BYRNES. What percentage of completion has it now attained?

Gen. MARSHALL. I do not know, but I guess 20 or 25 per cent of the original size. My recollection is that Fayetteville was to be a six-brigade artillery camp and they cut it to two brigades, and it is to be completed for two brigades.

Mr. BYRNES. Who has the determination of the completion of a camp such as the camp at Fayetteville; do you determine that?

Gen. MARSHALL. No, sir.

Mr. BYRNES. Who does?

Gen. MARSHALL. The director of operations.

Mr. BYRNES. And you say the size of the camp has been reduced?

Gen. MARSHALL. Yes; from six brigades to two brigades, and a two-brigade camp is to be completed.

Mr. BYRNES. What is the percentage of completion, so far as the two brigades are concerned?

Gen. MARSHALL. I would say it is 85 per cent completed so far as the two brigades are concerned. That is a matter of recollection, but I should think it would be somewhere around 80 or 85 per cent.

Mr. BYRNES. My information was that it was not completed to any such percentage.

Gen. MARSHALL. That would be only about 25 per cent of the original.

CAMP JACKSON, S. C., PROJECT.

Mr. BYRNES. Can you tell me the percentage of completion of the extension of Camp Jackson at Columbia, S. C.?

Gen. MARSHALL. That has been stopped. I can not recollect now, but I will put it in the record. (Note: Fifteen per cent.)

FAYETTEVILLE, N. C., WEST POINT, KY., AND COLUMBUS, GA., PROJECTS.

[See p. —.]

The CHAIRMAN. Do you know whether the land has been bought at Fayetteville; do you handle the purchases of land?

Gen. MARSHALL. No, sir; not under that.

Mr. BYRNES. Is that under the director of operations?

Gen. MARSHALL. No, sir; Maj. Holden has the real estate end of it under the Director of Purchase, Storage and Traffic.

The CHAIRMAN. Maj. Holden, do you recall whether any land has been bought at Fayetteville?

Maj. HOLDEN. We are just commencing to buy some down there.

The CHAIRMAN. From what funds?

Maj. HOLDEN. It is being bought from the barracks and quarters.

The CHAIRMAN. Major, you are aware of the fact that the Congress declined to appropriate money for the purchase of land both at Fayetteville and at West Point, Ky.?

Maj. HOLDEN. I am aware of that; yes, sir.

[War Department, Purchase, Storage and Traffic Division, General Staff, Real Estate Section.]

WASHINGTON, December 27, 1918.

Memorandum for Gen. H. M. Lord, 3002 Munitions Building.

Subject: Hearing before House Appropriations Committee.

1. Forwarded herewith, as requested, are the following documents:

(a) Copy of authorization, dated July 19, for the purchase of approximately 40,000 acres of land in the vicinity of West Point, Ky.

(b) Copy of authorization, dated August 8, for the purchase of approximately 120,000 acres at Fayetteville, N. C.

(c) Copy of authorization, dated November 2, approved by Secretary of War, for the purchase of approximately 130,000 acres at Columbus, Ga.

(d) Copy of recommendation, dated November 2, and approved by the Assistant Secretary of War on November 20, recommending the acquisition by condemnation of a certain tract of land at Stithton, Ky., required for the location of barracks at Camp Knox.

GILBERT F. WOODS, *Acting Chief.*

NOVEMBER 5, 1918.

Memorandum for the Assistant Secretary of War:

Subject: Condemnation of fee simple title to tract of land Camp Knox Artillery Range, Stithton, Ky.

1. Herewith is certified true copy of memorandum for the assistant Secretary of War from the Director of Operations and approved by the Assistant Secretary of War, dated July 19, 1918, recommending the authorization of \$1,600,000, to purchase approximately 40,000 acres of land in the vicinity of West Point and Stithton, Ky., for use as a Field Artillery Training center.

2. Herewith also is telegram from J. H. G. Ivoy, real estate expert, dated October 28, 1918, to Maj. James B. Holden, chief of the real estate section, Facilities Department, and a communication from the Attorney General to the Secretary of War transmitting photostat of telegram from the United States attorney, Louisville, Ky., requesting the institution of condemnation proceedings for the acquisition of the following described property: Lot 69 of the B. A. Homes addition to Stithton, Hardin County, Ky., containing 6 acres of land, more or less, owner L. D. Calvin and Corrina C. Calvin, his wife.

The owner of the property refuses to sell the same for a price less than \$6,000, which is deemed unreasonable as the property has been appraised by Government representatives at \$3,185. It will be noted from the telegram of Mr. Ivoy referred to above that the constructing quartermaster requires immediate possession of the property and that the owner refuses to deliver same.

3. It appears that the proposed condemnation will be for the benefit of the United States. The proceedings requested are authorized by act of July 2, 1917 (40 Stat., 241) as amended by act of April 11, 1918 (Pub. No. 127, 65th Cong.).

4. It is recommended that condemnation proceedings be instituted to acquire the fee simple title to the above 6 acres of land, and for that purpose a letter be sent by the Assistant Secretary of War to the Attorney General, substantially as per draft herewith.

The Judge Advocate General of the Army (Maj. Defandorf) has been consulted as to form and statements of law in the attached letter.

The Director of Operations (Col. Kellond) has been consulted and concurs.

CHARLES NEAVE,

Assistant to the Director of Purchases, Storage and Traffic.

Approved: November 20, 1918.

BENEDICT CROWELL,

The Assistant Secretary of War.

OCTOBER 30, 1918.

From: Acting Chief, Real Estate Section, Facilities Dept.

To: Director of Operations.

Subject: Acquisition of land for Infantry School of Army at Columbus.

1. The attached letter, dated October 26, 1918, from the commandant of the Infantry School of Arms, requests that suitable steps be taken to acquire a tract of land in the vicinity of Columbus, Ga., containing approximately 130,000 acres, as shown on the attached blue print, which accompanied the commandant's letter.

2. Under date of October 19, 1918, the Assistant Secretary of War approved the purchase of approximately 115,000 acres of land for the location of a cantonment and class A and class B rifle ranges to be instructed at Columbus, Ga.

3. From the attached telegram of October 29, 1918, from the representative of this office at Columbus, Ga., who was sent to that point to start the necessary proceedings toward the acquisition of the land approved to be purchased by the Assistant Secretary of War for the Infantry School of Arms, it would indicate that the commandant of the school has decided that the present tent camp occupied by his command should be included in with the 115,000 acres, more or less, originally estimated as the amount of land needed for the school, making the total acreage desired approximately 130,000 acres. In paragraph 3 of the letter of October 26, 1918, from the commandant of the Infantry School of Arms it is stated the estimate cost of 130,000 acres is about three to three and one-half million dollars. The approval of the Assistant Secretary of War on this project authorizes an expenditure of \$3,500,000 for land and \$100,000 for surveys, transportations, etc.

4. It is the opinion of this office that if the enlarged area of 130,000 acres requested by the commandant of the Infantry School of Arms can be acquired within the amount authorized by the Assistant Secretary of War, October 19, 1918, for the purchase of land at Columbus, Ga., that no further authorization is necessary. With the return of the attached papers it is requested that this office be directed as to the proper action to take in the matter.

GERARD SWOPE,

*Assistant to the Director of Purchase, Storage, and Traffic.*By S. H. HODGE,
Real Estate Section.

NOVEMBER 2, 1918.

Memorandum for the Asst. Secretary of War.

Subject: Acquisition of land for Infantry School of Arms at Columbus, Ga.

1. The attached papers cover the request from the commandant of the Infantry School of Arms that suitable steps be taken to acquire a tract of land in the vicinity of Columbus, Ga., containing approximately 130,000 acres as shown on the attached blue print. The Assistant Secretary of War has approved the purchase of approximately 115,000 acres of land at Columbus, Ga. The approval of the Assistant Secretary of War on this project authorizes an expenditure of \$3,500,000 for land and \$100,000 for surveys.

2. It is the opinion of the Real Estate Section that if the enlarged area of 130,000 acres requested by the commandant of the Infantry School of Arms can be acquired within the amount authorized by the Assistant Secretary of War, that no further authorization is necessary. This office concurs in the opinion expressed by the real estate section, and it is recommended that the 130,000 acres of land be acquired if possible within the authorized appropriation. No further appropriation is recommended.

3. Approval is recommended.

R. WYLLIE,

E. D. ANDERSON,

Col., G. S., Brigadier General, General Staff,
Acting Director of Operations.

Approved:

NEWTON D. BAKER,

*Secretary of War.*WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
August 8, 1918.

Memorandum for the Assistant Secretary of War.

Subject: Land for Field Artillery training center, Fayetteville, N. C.

1. The attached papers relate to the acquisition of approximately 120,000 acres of land at Fayetteville, N. C., for use in connection with the Field Artillery training

center which is to be established at that place. The real estate branch has ascertained that the land can be acquired as soon as this season's crops are out of the way, for approximately \$1,500,000 either by purchase or condemnation, or the land can be rented at a cost of approximately \$120,000 per year. In the latter case, however, there would have to be an additional amount allowed for damage to buildings and cultivated lands. Only 7 per cent of the land is now under cultivation. From options secured last year by the local chamber of commerce, the purchase price fixed by the owners aggregates about \$2,000,000. If the land is leased, it is estimated that damages in addition to the rental for the first year, would be \$500,000. Therefore, the total cost for the first year would be approximately \$620,000 if the land is leased. Consequently, it would seem more advisable to acquire title to this tract of land which embraces about 120,000 acres by purchase or in those instances where the owners will not sell it at a reasonable price, title should be acquired by condemnation proceedings with view to purchase.

2. The estimated cost of this project is \$1,500,000. Funds are available from the Army appropriation bill, fiscal year 1919. It is recommended that \$1,500,000 be authorized to acquire title to this tract of approximately 120,000 acres of land and that for those portions of the land which can not be purchased at a reasonable price, it is recommended that condemnation proceedings be instituted to acquire title by purchase.

3. Approval is recommended.

HENRY JERVEY,
Brigadier General, National Army,
Assistant Chief of Staff, Director of Operations.

Approved:

B. CROWELL,
The Assistant Secretary of War.

JULY 19, 1918.

Memorandum for the Assistant Secretary of War.

Subject: Purchasing land near West Point, Ky., for an Artillery training center.

1. Under date of June 24, memorandum was submitted recommending the acquisition of additional land near West Point, Ky., as an extension to the present tract now used by the Field Artillery at that place. The land which it was proposed to acquire was described as the east and west extensions respectively, the former consisting of approximately 10,000 acres and the latter comprising about 20,000 acres. It was believed that the east extension could be purchased for \$100,000 and the west extension for \$400,000.

Under date of June 26, 1918, the Assistant Secretary of War approved the purchase of the land in question at the price above named. It has since been ascertained that the estimate of the cost of purchasing this land was entirely too small. The real estate branch has now determined the approximate cost of the land will probably average about \$40 per acre. It is further considered that the tract at present under lease, which comprises 10,000 acres, should also be acquired in order that the Government may own in fee the entire body of land, which would comprise the east and west extensions and the present target range, which makes an area of approximately 40,000 acres.

The real estate branch believes that it will cost at least \$1,600,000 to purchase this land without considering contingencies such as crop damage, etc., and believes that \$2,000,000 should be allotted for the purchase. The construction division is of the opinion that the land will not cost as high as \$40 per acre on an average but believes that due to the importance of acquiring this land at once, \$2,000,000 should be authorized to purchase same, with the stipulation that only fair prices should be paid where the owners were willing to sell and that condemnation proceedings should be instituted in all other cases.

2. It is recommended that only \$1,600,000 be authorized to purchase approximately 40,000 acres of land in the vicinity of West Point and Stithton, Ky., for use as a Field Artillery training center. It is further recommended that in those instances where owners are unwilling to sell at fair and reasonable prices, that condemnation proceedings be instituted.

3. Approval is recommended.

HENRY JERVEY,
Brigadier General, National Army,
Acting Assistant Chief of Staff, Director of Operations.

Approved:

B. CROWELL,
The Assistant Secretary of War.

The CHAIRMAN. And the department, notwithstanding that, is going ahead with the purchases?

Maj. HOLDEN. We were ordered to do it. There was a question about the funds and a mix-up about it, but they found that they had the funds in barracks and quarters, and at West Point they were already committed to a great portion of it, and at Fayetteville we were ordered, after this thing, to go ahead with the purchases. At Fayetteville the purchases were very much delayed, owing to the difficulties of the abstract situation.

The CHAIRMAN. Did you buy at either place?

Maj. HOLDEN. Yes, sir.

The CHAIRMAN. To what extent?

Maj. HOLDEN. I can not tell you exactly, because we do not handle the money, but I should think at West Point the purchases are about 20 per cent completed and at Fayetteville perhaps about 10 per cent at Fayetteville there are very few actually bought, but there are a great many options that have been accepted.

Gen. MARSHALL. Fayetteville, Stithton, and Columbus, I think, are in the same category so far as completion is concerned.

The CHAIRMAN. Major, when did you begin purchasing this land?

Maj. HOLDEN. When you speak of the actual disbursement of money I think it was early in November.

The CHAIRMAN. When you came before the committee requesting that moneys be voted for these purchases it was on the assumption—at least I got that impression, and I think the committee did—that you wanted to get congressional approval of the project for buying the land before undertaking to buy it.

Maj. HOLDEN. This was the idea, Mr. Sherley, I think: Your first assumption is correct, but it came about in this way: There was some question as to whether the funds had been provided, and it later developed that they had been included in an emergency deficiency bill under a blanket appropriation which the construction division had put in, so the money was there. The reason for it, if you will refresh your memory, you will recall that in both cases the construction work had been gone ahead with, and we had been ordered at that time by the Secretary of War, at the inception of the project, to buy this land. It was never considered on a lease basis, and if you will remember and will look at my testimony there, you will see that we went over the figures with you, and it was supposed to be a much better proposition to buy the land than to lease it and pay damages on it, and then restore it to its original condition, and that was gone into very thoroughly, if you will recollect.

The CHAIRMAN. It is my recollection that while that was the argument made for the purchase of the land, there was no intimation that failing the action of Congress the land would be purchased, or that the negotiations were of such a character that the land would have to be purchased.

Maj. HOLDEN. I will answer your question by saying that we were ordered to come down here because we were told there was no money. but at the time it was decided to put it up to you, the Secretary of War had ordered the purchase of it, and our men were working on that basis to gather the options and purchase the land. In both of those cases it was never considered as a lease proposition. When the proj-

ect was authorized by the Secretary of War, we were supposed to go and purchase and were authorized to purchase.

The CHAIRMAN. I have a distinct recollection, Major, that the impression was conveyed to this committee, either by the chief of Field Artillery or yourself or some other officer testifying, that they had felt that inasmuch as it was contemplated to have these camps as permanent camps after war might cease, that they should ask and receive the approval of Congress for the purchase of the land.

Maj. HOLDEN. I think you are a little mistaken on that, Mr. Sherley, but the record will show.

The CHAIRMAN. I may be wrong in the fact that that opinion was held by those officers, but I certainly am not wrong in the impression that I obtained, and I think these other gentlemen will bear me witness that that was the impression, because we carried a provision as to two of the camps in the bill, and the Senate saw fit to strike them out. In conference they went out; and now we are met with a situation in which the department has chosen on its own initiative to buy the land irrespective of the action of Congress.

Maj. HOLDEN. I did not realize, Mr. Sherley, about the congressional approval, but I thought we were coming down here to get the money just because we were asked to submit a deficiency, and the deficiency came in here twice, because you authorized the funds under barracks and quarters.

The CHAIRMAN. We never authorized it with the knowledge that that amount of money was to be used for the purchase of land.

Maj. HOLDEN. No; I think that is a correct statement.

The CHAIRMAN. Gen. Marshall and Col. Gunby, you all presented the estimates for barracks and quarters that have come through this committee. You never presented to this committee at any time, as one of the items going to make up the moneys asked and received for barracks and quarters, money to purchase land at West Point and at Fayetteville, did you?

Col. GUNBY. No, sir; that was up to the real estate people.

The CHAIRMAN. I mean in presenting the totals, was there ever anything said indicating that a given sum of money was to purchase land at these places?

Col. GUNBY. As I recall it, I believe we said there was some money not included in our total of barracks and quarters, but I think on that table—I am not sure about this—there were some items which we said the real estate people had asked us to put in, but they were not in our totals, and we told you that they would explain them and that included that land, as I recall it.

The CHAIRMAN. As I recall, there has never been a line of testimony that indicated money for the purchase of land except, as I recall it, some testimony in regard to land for hospitals.

Col. GUNBY. There was, however, in the estimates that went to the Military Affairs Committee, sums of money estimated from purchase of sites and leases of land, and so on, which were prepared way back in the spring, but those did not come before your committee at all.

The CHAIRMAN. Major, to what extent have you been instructed to spend money in the purchase of land at these two places?

Maj. HOLDEN. We have been instructed to go right ahead with the purchase as originally planned, 135,000 acres at Fayetteville, and 40,000 acres at West Point.

The CHAIRMAN. And how much at Columbus?

Maj. HOLDEN. Columbus is a proposition of \$3,500,000 for the purchase of between 115,000 and 130,000 acres of land.

The CHAIRMAN. Are you going ahead buying land at Columbus?

Maj. HOLDEN. Yes, sir.

The CHAIRMAN. When did you get those instructions?

Maj. HOLDEN. The Columbus project was authorized by the Secretary of War in the latter part of October, and we have had no instructions not to continue it.

The CHAIRMAN. When did you have instructions as to the other two camps?

Maj. HOLDEN. Fayetteville was authorized along in August, and West Point in July. They were orders from the Secretary of War that came on those dates, and the authorization I should have said was in July and in August.

The CHAIRMAN. You came here in October asking for the money.

Maj. HOLDEN. Because they said that while the Secretary of War had authorized it, the Finance Division had made the statement that there were not sufficient funds and had included it in the deficiency bill, and it was our duty to come here and explain to you just why the money was needed.

The CHAIRMAN. I do not see any need for your coming and explaining to us about the money if you were going ahead and do it whether we approved it or not.

Maj. HOLDEN. The Secretary of War had authorized the purchases at those two places.

Mr. BYRNES. After the order was issued to you the latter part of October to proceed with the purchase of the land at Columbus, you say you have received no orders since to discontinue the purchase?

Maj. HOLDEN. No, sir.

Mr. BYRNES. But have you taken the matter up and called it to the attention of the official from whom you secured the order under which you are to proceed to purchase after the armistice? Have you called it to their attention?

Maj. HOLDEN. I can state they are aware of it. I know all these matters were considered afterwards and they provided the funds. We do not handle any funds in our division. They are all disbursed by the Construction Division in conference with our men down there.

The CHAIRMAN. I presume the Government has options on some of this land?

Maj. HOLDEN. Of course, you understand, Mr. Sherley, that in these tracts it is an enormous job. There are probably hundreds and hundreds of owners, and we have had people down there to get their descriptions and have appraisals made. We first institute condemnation proceedings so as to not interfere with the Construction Division and so we can go on the land and get possession, and then we have set up land offices there, and we adjust the matter with the people as fast as we can. In those two particular places the abstract situation was bad. They had no such thing as an abstract; they were accustomed to having a lawyer at the county seat look up the title and say to a man that his title was good. The Government could not do that, so we have had to make arrangements with abstract companies to go down there.

The CHAIRMAN. But the point I am interested in is this: To what extent has the Government been obligated by bonding contracts for the purchase of this land?

Maj. HOLDEN. I should say very little in both of those cases. We have actually accepted no options until we were ready to pay for them and until the abstracts were out. We have not obligated the Government to any great extent. There are some pieces coming through right along now.

The CHAIRMAN. To what extent have you actually paid out moneys at either place?

Maj. HOLDEN. If you wanted to know the exact amount, I could get it for you, but it is a comparatively small amount of the total purchase.

The following amounts have been paid to landowners for lands in the camp sites at the respective locations:

Fayetteville, N. C.....	\$33,607.00
West Point, Ky.....	154,444.25
Columbus, Ga.....	29,818.75

Formal acceptances yet unsettled have been made at Fayetteville for the purchase of lands amounting to \$48,360.80. Formal acceptances yet unsettled have been made at West Point aggregating \$581,597.33. The constructing quartermaster at West Point has taken possession of numerous properties for which settlement has not been made nor prices agreed upon, involving a total of approximately \$400,000 to \$500,000. Additional commitments have been made at Columbus, Ga., for the purchase of land amounting to \$118,975.75.

The CHAIRMAN. How much at each place in round figures?

Maj. HOLDEN. I would say at Fayetteville about 10 per cent and at Columbus about the same amount, or perhaps a little less at Columbus.

The CHAIRMAN. How much at West Point?

Maj. HOLDEN. At West Point it is larger. The Louisville company is going very fast with the purchases now. They are probably 20 or 25 per cent completed, I should say.

The CHAIRMAN. Your estimates indicated an expenditure of \$1,600,000 at West Point and \$1,500,000 at Fayetteville, as I recall the testimony.

Maj. HOLDEN. Yes.

The CHAIRMAN. Do you mean you have bought land to the extent of some \$300,000 worth at West Point?

Maj. HOLDEN. I should think so.

The CHAIRMAN. And to what extent at Fayetteville?

Maj. HOLDEN. From \$100,000 to \$150,000, possibly.

The CHAIRMAN. And at Columbus you expect to spend about \$3,000,000?

Maj. HOLDEN. \$3,500,000 was the amount that was estimated for purchases there.

The CHAIRMAN. And you have bought some 10 per cent of that?

Maj. HOLDEN. I would hardly think it would be that amount. They accepted a few titles down there through the Judge Advocate General, but the Atlanta abstract people have just started in to set up an abstract office to certify the titles to the Government.

Mr. BYRNES. Has there been any construction at Columbus?

Maj. HOLDEN. A lot of it, I should imagine.

Mr. BYRNES. Can you give us that information, General?

Gen. MARSHALL. At Columbus there has been tent-camp construction for about 3,500 men, but that is not the place where it is proposed to have the school of arms. That is 6 or 7 miles from there, and a railroad is being constructed to the location.

Mr. BYRNES. Is it proposed to make that a permanent camp?

Gen. MARSHALL. Yes; they propose to have that for permanent military operations—a school of arms, they call it, but the buildings are to be the cantonment type of buildings, as I understand it.

Mr. BYRNES. You are only building the railroad track now?

Gen. MARSHALL. The railroad is just about done, but we have ordered great quantities of material, of course.

Mr. VARE. Major, when did you discover there was some other money available and that Congress failed to make the appropriation?

Maj. HOLDEN. I took the matter up—I was down at Fayetteville when this matter came up and when we got back I took the matter up and they said they had it in the Construction Division, and I called the attention of the Director of Operations to it as to what would be their attitude, and they said they were going ahead, and the money was then allotted.

Mr. VARE. What date was that?

Maj. HOLDEN. Shortly after the 1st of November, before the signing of the armistice. My recollection is I got back on the 2d of November.

Mr. VARE. And there have been no steps up to date taken relative to the wisdom of proceeding or not?

Maj. HOLDEN. We were told to go right ahead, sir.

Mr. VARE. How recently?

Maj. HOLDEN. Two or three weeks ago.

Mr. VARE. That was from the Secretary of War, I presume.

Maj. HOLDEN. Yes, sir; we had orders that were absolutely definite. Mr. Sherley, if I may say with reference to the situation at West Point, in particular, a large amount of this land had already been taken possession of along in July, and buildings and some people moved out of there, and this would have been almost an impossibility to have gone to work and attempted to meet it at that stage after the thing went through, and it would have been a very bad situation.

The CHAIRMAN. It might or might not, according to the facts, but whether a bad situation or not, it would have simply resulted in the Government being subject to damage that could be shown for occupancy of land. The point about the matter is that Congress in a concrete way declined to appropriate money for these purposes. If it had appropriated for these purposes heretofore, it did so without knowledge, at least without any specific knowledge. Now, after having declined to appropriate the moneys, the department goes ahead and uses funds that it discovers were available for that purpose.

It has already developed that work is continuing at Camp Knox, and at the camps at Fayetteville and at Columbus. What is the extent of the work that is being done at those places?

Gen. MARSHALL. At Fayetteville the original cantonment was to be for six brigades of Artillery. It is to be completed for two brigades. At West Point, the cantonment was to be for five brigades. That is to be completed for four brigades. At Columbus, Georgia, a camp was prepared for something over three thousand men, and the can-

tonment is to be completed for 8,000 men, according to my recollection at a site some six or eight miles from the present tent camp. The railroad to that site is, I think, almost completed.

The CHAIRMAN. What is the value of the work that it is proposed to do at those three camps, which had not been done at the date of the signing of the armistice?

Gen. MARSHALL. At Fayetteville, perhaps, a half to three-quarters of a million dollars; at West Point, \$1,500,000, and at Columbus, about \$4,000,000. Understand, these figures are my recollection, but I think you will find they are fairly accurate.

The CHAIRMAN. Presumably, some of the material had been ordered for those places?

Gen. MARSHALL. For West Point and Fayetteville, I think all.

The CHAIRMAN. Was it on the ground?

Gen. MARSHALL. I think all of it is on the ground at West Point.

The CHAIRMAN. Was it on the ground at the time of the signing of the armistice?

Gen. MARSHALL. Either on the ground or rolling to it.

The CHAIRMAN. What was the condition at the other place?

Gen. MARSHALL. The same thing.

The CHAIRMAN. To what extent could a saving have been made if you had not gone on with this work?

Gen. MARSHALL. At Fayetteville and West Point, perhaps 25 to 30 per cent of the amount stated, and at Columbus from 50 to 75 per cent of the amount stated.

Mr. BYRNES. What saving could be effected if you now stopped that work?

Gen. MARSHALL. At Fayetteville, \$75,000 to \$100,000, I should think; at West Point, \$200,000; and at Columbus, \$2,500,000 to \$3,000,000.

Mr. BYRNES. Why such a small amount at Fayetteville?

Gen. MARSHALL. It is practically done.

Mr. BYRNES. The land had not been purchased?

Gen. MARSHALL. I was talking about construction. I had no reference whatever to the purchase of land.

Mr. BYRNES. That does not include any salvage at all?

Gen. MARSHALL. No, sir.

CONSTRUCTION WORK AT CAMPS AND CANTONMENTS GOING FORWARD.

(See p. 252.)

The CHAIRMAN. At what other camps and cantonments are you going ahead with construction work?

Gen. MARSHALL. I would prefer to give you a list of those. There are very few of them where work is absolutely and completely stopped, and where a building is to have the heat put in or the roof completed, why, that is going ahead to be done, but as I said before at all of the tent camps instructions have been given for them to quit all work, except that imperatively needed to protect property or to preserve the health of the men. All of the others they are being considered separately by the director of operations and which in turn we are giving specific instructions about. But in the meantime the day the armistice was signed we directed the different quartermasters that what work they did do they were to concentrate on a unit and take on no more laborers and that the eight-hour day would be in

force. As I have said, that has resulted in a decrease by about 100,000 of laborers and absolutely holding to the eight-hour day.

The CHAIRMAN. I wish you would supply for the record a list of the camps where work is going forward.

Gen. MARSHALL. Yes, sir.

Camps at which work is proceeding to completion on a reduced program: Camps Knox, Bragg, Abraham Eustis, Mills, and Benning.

At the following camps work is proceeding only as is necessary to protect property and preserve health: Camps Custer, Devens, Dodge, Dix, Funston, Gordon, Grant, Jackson, Lee, Lewis, Meade, Pike, Sherman, Zachary Taylor, Travis, Upton, Merritt, Stuart, Holabird, and Joseph E. Johnston.

Work which might properly be classed as maintenance and repair construction is also being done at the other camps and the posts and border stations.

At all camps the necessary hospital construction is proceeding.

CONSTRUCTION OF THEATERS, ASSEMBLY HALLS, ETC.

The CHAIRMAN. There was quite a little money included in the last deficiency bill in connection with additional facilities that were asked for assembly halls, theaters, and other buildings that were desired by the Fosdick Commission. Have you been carrying out that work?

Gen. MARSHALL. We have been doing the building wherever they determined it was to be done, but they have had control of the financial side.

The CHAIRMAN. What has been the determination, are you building those buildings, and to what extent?

Gen. MARSHALL. Yes, sir; at all of the 32 camps and cantonments, except at Travis. Buildings are being very generally stopped. They have not gotten along far enough as a general proposition to warrant completing them, and when the armistice was signed most of them were stopped.

Mr. BYRNES. Who has the determination of stopping them?

Gen. MARSHALL. The director of operations has the determination of all of that.

Mr. BYRNES. You do not know whether they did really stop work on all of the theater buildings?

Gen. MARSHALL. I have no data. I know it has been stopped on most of them. I was under the impression that we were building them everywhere. Now I find that we did not build one at Camp Travis. I do not carry the details in my mind.

NOTE.—Liberty theaters are being completed at Camp Mills, Eustis, and Meade.

SAVINGS ON EXISTING CONTRACTS.

The CHAIRMAN. The estimate that you make of \$23,000,000 of saving out of existing contracts is predicated upon the present determination which has come to you as to what projects should or should not be completed?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. It does not represent, therefore, the amount of money that could be covered back into the Treasury if other projects were stopped?

Gen. MARSHALL. No.

AT WHAT STAGE OF CONSTRUCTION OF BUILDING ADVISABLE TO COMPLETE AT CAMPS AND CANTONMENTS—RESTORATION OF LANDS.

The CHAIRMAN. Laying aside all question of desirability of building buildings because of the need that the Government might have for those buildings, and assuming that such need should not be a determining factor, at what stage of building in connection with camps and cantonments would you say it was desirable to finish a building, or is there any stage at which you would be warranted in finishing it?

Gen. MARSHALL. On the assumption of no user, I do not believe there could be any proper reason for constructing it.

Mr. BYRNES. If you do not need the building it is the wisest thing to cease construction?

Gen. MARSHALL. Yes, sir; if there is no use for the building. Sometimes it might be a very definite proposition that the salvage would be greater by building the building.

The CHAIRMAN. That is what I was trying to get at. That, of course, would apply distinctly to storage facilities?

Gen. MARSHALL. Yes, sir; and it might to some factories.

The CHAIRMAN. But in regard to barracks and quarters and camps and cantonments, the situation of those buildings is such that, broadly speaking, there would be no economical use for them. That is true?

Gen. MARSHALL. I think so.

The CHAIRMAN. In point of fact, most of your leases carry provisions requiring the restoration of the land to its original condition?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. In such cases it would be desirable to save any further expenditure in building buildings unless the need for the buildings themselves, from a governmental standpoint, was such as to warrant it?

Gen. MARSHALL. Yes, sir. We have surplus construction material in a sufficient quantity for that work, so far as we know it now. For example, we have about 200,000,000 feet of lumber. Of course, we are not buying any more lumber, we have not bought any since the armistice was signed, and there are no more shipments, but even so we are going to find on our hands 150,000,000 feet of lumber.

Mr. VARE. The lumber from these discontinued cantonments?

Gen. MARSHALL. I mean lumber never put into a building at all of these different places.

The CHAIRMAN. Why?

Gen. MARSHALL. Because the lumber was there and had not yet been put into the building and the project was being stopped.

The CHAIRMAN. You mean you will have that much lumber on hand?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Of course, that lumber will have a marketable value?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. It ought to have a salvage value very close to its cost.

Gen. MARSHALL. I doubt it.

The CHAIRMAN. Is it so cut as to interfere with its value?

Gen. MARSHALL. The distribution of it is such that it is just like anything the Government has, when you put it out to bids, the people who are going to do work would rather deal with their usual dealers, unless they can get a good bargain. You will find that the bids on that lumber, when they are in, are not going to be as much as they ought to be.

The CHAIRMAN. What cost value do you put upon this lumber that will not be used?

Gen. MARSHALL. The cost value will be probably \$4,000,000.

The CHAIRMAN. What do you think its salvage value will be?

Gen. MARSHALL. I think if you get \$2,300,000 the Government will do well.

The CHAIRMAN. That is more than a 40 per cent loss?

Gen. MARSHALL. Yes, sir.

Mr. VARE. Have you taken into consideration the fact that practically all commercial building throughout the country has been stopped for more than a year?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. How much of material and supplies of other character than lumber are you going to have on hand that will not be used in buildings?

Gen. MARSHALL. We will have all kinds of building material. I was just saying a little while ago that the water-closet outfits for these camps, the bowls and the tanks, are just as good as they ever were.

The CHAIRMAN. I am not speaking of those which are in the buildings which have been erected and used. I assume in speaking of lumber you are not speaking of that kind?

Gen. MARSHALL. No.

The CHAIRMAN. I am speaking of what is either on the ground or in transit and which will have to come to the various places, and which will not be used because of the cessation of building.

Gen. MARSHALL. We called for an inventory of that from all the different places. We have not got the inventories in. We have tried to guess at it by taking one or two cases, and the best guess we can make on that is that there is going to be from twelve to fifteen million dollars worth of stuff that does not go to the buildings.

The CHAIRMAN. Is any effort being made now to ascertain of the producers of this material whether they would be willing to take it back?

Gen. MARSHALL. Yes, sir. We have actually gotten some of them to take it back. There was a lot of wood pipe that we got them to take back. It would have been perfectly useless to us and practically useless to anybody except the manufacturer. He is the only one who would have a market for it on the net cost. We are making an effort on every bit of it. Here [indicating] is a full list of all the contracts. We have men at those factories getting the factories not only not to ship any more, but, where possible, to take back what stuff we have on hand at unit cost. For instance, take a General Electric Co.'s transformer, they can dispose of it to much better advantage, I believe, than the Government could, and where we have gotten them and used them, we are trying to get them to take them back at cost. We are making some headway on it, but whether that effort is going to meet with as much success as it ought to, I

can not tell you yet. Everything has been paid a fairly good price for, although not a high price, and it would seem as if the manufacturers could find a market.

The CHAIRMAN. You spoke of having to buy some material in limited quantities to carry on the work you were doing, because there was not ordered or delivered usable material. To what amount of money will you have to go in such purchases?

Gen. MARSHALL. I do not know.

The CHAIRMAN. Will it be a large or a small sum?

Gen. MARSHALL. In percentage it will not be a large sum; in actual dollars, it is going to run into, well, I would say it would probably run into several million dollars. I do not know why I say that much, except it is the best judgment, without actually knowing.

The CHAIRMAN. Most of it is in connection with the building of these storage warehouses?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. And you think the finished structure will have a sale value that warrants the work being done?

Gen. MARSHALL. Oh, yes, sir; I think there is no question about that.

The CHAIRMAN. Your appropriations come under how many heads, seven?

Gen. MARSHALL. Yes, sir; seven.

The CHAIRMAN. In preparing this bill it will be necessary in covering back the money into the Treasury to cover it back under the appropriations that they have been made under?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. General, are you prepared to furnish us, assuming we accepted your figure of one hundred and forty-three million odd dollars that should be covered back, the sums under each of these heads that would make that total?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Suppose you put into the record a statement of the amounts of moneys that can be taken from the various appropriations, having in mind, if it be necessary, the particular act in which the appropriation was made, and if, as is likely, on further consideration of this question, there are additional sums that can be salvaged, you will indicate them.

Gen. MARSHALL. Yes; if I can increase that \$23,000,000 I will do so.

The CHAIRMAN. Will it be practicable at the same time to put along with that a statement of the moneys that will be left under these various appropriations and the purchases for which they are needed?

Gen. MARSHALL. The whole thing can be done.

Statement showing the balances which may be withdrawn from Regular Army bill, 1919 and first urgent deficiency bill, 1919, funds appropriated and apportioned to Construction Division for construction purposes only.

	Amount un- obligated.	Estimated savings on abandon- ments.	Total.	Additional funds required.	Available balance.
General appropriation, Quar- termaster Corps:					
Barracks and quarters.....	\$19,290,363.95	\$8,100,000	\$27,390,363.95		
Regular supplies.....	25,908,560.00	3,900,000	29,808,560.00		
Water and sewers.....	13,559,575.00	2,900,000	16,459,575.00		
Roads, walks, wharves, and drainage.....	5,795,355.22	3,500,000	9,295,355.22		
Construction and repair of hospitals.....	47,820,000.00	4,600,000	52,420,000.00		
Quarters, hospital stewards	31,500.00		31,500.00		
Shooting galleries and ranges.....				\$1,362,820	
	112,405,354.17	23,000,000	135,405,354.17	1,362,820	\$134,042,534.17
Barracks and quarters, seacoast defenses.....	1,850,000.00				1,850,000.00
	114,255,354.17				135,892,534.17
Contract authorizations under C. & R. of H.....	15,750,000.00				15,750,000.00
Total.....	130,005,354.17	23,000,000		1,362,820	151,642,534.17

November 30, 1918.

CONTINUANCE OF BUILDING OPERATIONS.

Mr. VARE. General, has there been any recent conference with the Secretary of War relative to the wisdom of continuing the operations in these 441 localities?

Gen. MARSHALL. Oh, yes; we are doing that night and day just as hard as we know how to do it.

Mr. VARE. When do you hope to have a fixed plan either of continuing or stopping on a certain given number?

Gen. MARSHALL. I think we have a fairly well fixed plan now. When the armistice was signed we immediately instructed all constructing officers to do what constructing they did on particular units that they were just completing, and not to take on any more labor. Then the Director of Operations has been taking each of these projects up by itself and saying, "At this one you will do just this much more, and at that one you will do no more," and that is a committee which the Director of Operations has which does nothing but that. There are three officers who do nothing but that work, and they get the information from us as to the state of completion, state of material, and all the physical aspects of the property, and they then determine what shall be done and give us definite instructions as to what shall be done, and as rapidly as possible they are completed.

I think there are about 60 jobs out of the 441 that have been stopped, and I do not know just how many there are where we are simply piling the lumber up and getting the property together in order to protect it, and that, as I say, has resulted in a reduction of about 100,000 laborers.

CIVILIAN EMPLOYEES.

The CHAIRMAN. These figures that you have submitted, according to a memorandum here, do not include the item for pay of civilian employees amounting to \$5,694,485. What is meant by that memorandum?

Gen. MARSHALL. I do not know. I guess that was an oversight on our part. It is handled by an entirely different part of our office. That comes under incidental expenses, does it not?

The CHAIRMAN. I assume it would. Do you mean by that that there can be recovered that amount of the appropriation for incidental expenses?

Gen. MARSHALL. No, sir.

The CHAIRMAN. Then what do you mean by that?

Gen. MARSHALL. I have done nothing about that. It is an oversight on my part.

Col. GUNBY. In addition to anything we have told you already, we will have to tell you how much you can cut so far as our employees are concerned, and we are remiss in not being able to tell you right now.

The CHAIRMAN. Does this \$5,600,000 represent the total amount appropriated?

Gen. MARSHALL. Yes.

The CHAIRMAN. Will you furnish the committee a memorandum as to the amount of that appropriation which can be covered back into the Treasury?

Gen. MARSHALL. Yes.

The CHAIRMAN. Then there is a similar item of \$5,694,000 under the urgent deficiency act, and you will supply the same information as to that?

Gen. MARSHALL. Yes, sir.

The total appropriation for the entire fiscal year 1919 was \$5,694,000, which is the sum of the amounts appropriated for this purpose in the regular 1919 appropriation and the first urgent deficiency act:

Appropriated, \$5,694,485; obligated, December 1, 1918, \$1,367,450.51; balance unobligated, \$4,327,034.49; estimated additional needs to July 1, 1919, \$1,756,900.49; balance \$2,570,134.

NOTE.—This balance is not available to be cut from the appropriation, but is to be used toward making up the deficiency in the amount required for salaries for civilian personnel Quartermaster Corps. (See testimony of Gen. Lord, Director of Finance, and Maj. Shawn, Civilian Personnel Branch, Q. M. G. O., p. 86.)

The CHAIRMAN. There is a memorandum here also that the figures we have been discussing of a saving which the table shows is \$151,642,000, but which in your statement is brought down to \$143,000,000, is exclusive of a saving on connection with inland and port storage and shipping facilities.

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. I have been under the impression that this had been thrown into these other appropriations which, of course, an examination of the table clearly indicates is not the case. Therefore this saving we have been speaking of has been in connection with building other than that in regard to the warehouses and storage facilities?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Have you any estimates as to the amount of money that can be saved out of the appropriation for these storage facilities?

Gen. MARSHALL. Yes, sir; \$76,150,000; but it is possible that some of that appropriation might have been used by the Director of Storage in purchasing equipment.

STATEMENT SETTING FORTH STATUS OF APPROPRIATIONS MADE FOR INLAND AND PORT, STORAGE, AND SHIPPING FACILITIES, FISCAL YEAR 1918-19, AND FISCAL YEAR 1918, AS OF DEC. 1, 1918.

Unobligated balance:		
Appropriation, fiscal year 1918-19.....	\$1,368,037.17	
Appropriation, fiscal year 1919.....	85,394,630.16	
Total unobligated balance.....		\$86,762,667.33
Estimated amount required to complete projects under construction.....	6,850,000.00	
Accrued rentals, operating expense, and miscellaneous.....	3,762,667.33	
Total.....		10,612,667.33
Available balance Dec. 1, 1918.....		76,150,000.00
Estimated cost of land under requisition.....	1,924,000.00	
Estimated operating expense, Nov. 1, 1918, to June 30, 1919.....	5,000,000.00	
Estimated rentals, Nov. 1, 1918, to June 30, 1918.....	2,300,000.00	
Estimated expense civilian employees, and miscellaneous.....	1,900,000.00	
Total.....		11,124,000.00
Balance of appropriation available against which no obligation, either direct or indirect, has been incurred.....		65,026,000.00
The construction status of the more important projects under way is set forth in statement attached hereto.		

[Copy.]

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
PURCHASE, STORAGE, AND TRAFFIC DIVISION,
Washington, November 30, 1918.

Facilities Department:
Memorandum for Col. Wells:

1. The following list represents the estimated cost of real estate required for use at Army supply bases at the locations indicated:

Location.	Use.	Acres.	Estimated cost.	Total.
1. Philadelphia.....	Interior depot.....	60.7	\$151,750.00	\$1,180,631.60
	Expedition depot.....	46.47	1,028,881.60	
2. Norfolk, Va.....		51.16	108,000.00	150,500.00
		27.17	35,000.00	
3. Charleston, S. C.....		1,660	450,000.00	450,000.00
4. Baltimore, Md.....		32	128,000.00	128,000.00
5. Atlanta, Ga.....			15,000.00	15,000.00
				1,924,131.60

G. F. WOODS,
Real Estate Section.

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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Summary showing obligations charged against the appropriation "Inland and port storage and shipping facilities" to Dec. 1, 1918, inclusive.

Construction.	Appropriation.		Total.
	Fiscal year 1918-19.	Fiscal year 1919.	
National Army and National Guard camps, additions to existing facilities.....	\$5,555,006.48	\$1,015,110.97	\$6,570,117.45
Posts and forts, additions to existing facilities.....	209,464.71	81,487.32	290,952.03
Quartermaster depots, new construction:			
Atlanta.....		28,210.00	28,210.00
Baltimore.....	1,549,634.00	524,130.00	2,073,764.00
Boston.....		1,215,079.00	1,215,079.00
Chicago.....	4,609,000.00	3,520,500.00	8,129,500.00
Governors Island.....	1,493,842.00	160,000.00	1,653,842.00
Jeffersonville.....	1,020,275.00	26,500.00	1,046,775.00
Newport News (purchased).....	180,900.00		180,900.00
Philadelphia.....	3,427,670.10	1,500.00	3,429,170.10
Pittsburgh.....	399,025.00	975.00	400,000.00
St. Louis.....	1,068,540.00	15,375.00	1,083,915.00
San Francisco (Presidio).....		36,000.00	36,000.00
Washington (War College).....		35,400.00	35,400.00
Miscellaneous.....	321,894.03	18,019.60	339,913.63
	14,070,780.13	5,581,688.60	19,652,468.73
Joint reserve depots:			
Columbus.....	3,742,522.00	1,381,000.00	5,123,522.00
New Cumberland.....	4,485,570.00	224,700.00	4,710,270.00
South Schenectady.....	3,897,330.00	2,144,250.00	6,041,580.00
Springfield.....	102,805.00		102,805.00
	12,228,197.00	3,749,950.00	15,978,147.00
Expeditionary depots, general:			
Boston.....	28,090,000.00		28,090,000.00
Bush Terminal (additional).....	74,950.00	197,440.00	272,390.00
Charleston.....	12,680,000.00	365,000.00	13,025,000.00
Hoboken.....	256,666.44	1,500.00	258,166.44
New Orleans.....	200,000.00	8,393,275.00	8,593,275.00
Norfolk.....	16,202,020.24	6,709,400.00	22,911,420.24
Philadelphia.....	958,550.00	15,520,112.00	16,478,662.00
Port Newark.....	14,600,000.00	153,790.00	14,753,790.00
South Brooklyn.....	32,500,000.00		32,500,000.00
	105,542,186.68	31,340,517.00	136,882,703.68
Ordinance:			
Charleston.....	5,515,850.00		5,515,850.00
Curtis Bay (additional).....	1,602,238.00	2,496,003.00	4,098,241.00
Pig Point (additional).....	329,833.00	1,454,734.00	1,784,567.00
Raritan (initial project).....	2,939,710.00	3,803,810.00	6,743,520.00
Rock Island.....		939,930.00	939,930.00
South Bethlehem.....	11,200.00		11,200.00
Oldman.....		7,350,390.00	7,350,390.00
	10,398,831.00	16,044,867.00	26,443,698.00
Total construction.....	148,004,466.00	57,813,580.89	205,818,046.89
Equipment:			
Interior.....	148,793.00	1,312,402.78	1,461,195.78
Expeditionary.....	293,784.84	569,828.52	863,613.36
	442,577.84	1,882,231.30	2,324,809.14
Leases and rentals:			
Storage facilities.....	149,283.05	1,299,910.47	1,449,193.52
Piers.....	35,635.94	276,253.73	311,889.67
	184,918.99	1,576,164.20	1,761,083.19
Operating expenses.....		333,353.45	333,353.45
Total obligations Dec. 1.....	148,631,962.83	61,605,369.84	210,237,332.67
Finance appropriation available.....	1,368,037.17	85,394,630.16	86,762,667.33
Total amount appropriated.....	150,000,000.00	147,000,000.00	297,000,000.00

The CHAIRMAN. How much money has been appropriated for these inland and port facilities?

Gen. MARSHALL. \$297,000,000.

The CHAIRMAN. I recall that \$150,000,000 of it came in deficiency appropriation and \$147,000,000 out of the Army Act.

Gen. MARSHALL. Yes.

The CHAIRMAN. What part of that money can be covered back?

Gen. MARSHALL. \$76,150,000 unless the Director of Storage has used some of these moneys for storage equipment.

Col. WOLFE. He deducts from that, Mr. Chairman, four items: Estimated cost of land under requisition, \$1,924,000; estimated operating expense November 1, 1918, to June 30, 1919, \$5,000,000; estimated rentals November 1, 1918, to June 30, 1919, \$2,300,000; estimated expense, civilian employees and miscellaneous, \$1,900,000, making a total of \$11,124,000 which should be deducted from his available balance December 1, 1918, of \$76,150,000, making a balance of appropriation available against which no obligation, either direct or indirect, has been incurred, of \$65,026,000.

WEDNESDAY, DECEMBER 18, 1918.

**STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE, OF
THE QUARTERMASTER CORPS, AND COL. C. D. HARTMAN,
OF THE DIVISION OF MAINTENANCE AND REPAIR.**

The CHAIRMAN. Colonel, it appears that under regular supplies, water and sewers, barracks and quarters, roads, walks, wharves and drainage, construction and repair of hospitals, quarters for hospital stewards, shooting galleries and ranges, maintenance of the Army War College, quartermaster supplies, equipment, etc., there was appropriated for repair and maintenance in the Philippine Islands, \$708,185, and in the United States, \$62,339,464; that there has been disbursed or obligations incurred as of December 1, \$17,944,235, leaving a balance as of December 1, of \$44,395,229. It is estimated that there are additional cash needs of \$27,860,688, and that as to a number of the appropriations there is in excess of the appropriations a need further of \$4,544,230, which would indicate a total net sum which could be covered into the Treasury of \$16,534,541. Does that correspond with the figures you have?

Col. HARTMAN. Yes, sir.

The CHAIRMAN. Do you know how much of the total of nearly \$18,000,000 which appears under the head of disbursements and obligations will be actual disbursements?

Col. HARTMAN. I have not received the reports for November from the field, but judging from the reports that come in at the end of every month, practically the whole of this is expended. We have made it the policy of allotting so much money every month for this work, and the allotment is so that they only have enough to run them for the month and then I give them funds to carry them on through the next month.

The CHAIRMAN. As to the Philippine Islands you indicate that there will be no saving?

Col. HARTMAN. That is the money that was estimated for by the authorities prior to the war and that would have been carried forward the annual appropriation bill in the same amount whether there been any war or not.

The CHAIRMAN. So, it is really a peace maintenance item?

Col. HARTMAN. Yes, sir; the amount would have gone in if there had not been any war.

The CHAIRMAN. What do you predicate the need of practically \$32,000,000 on for the balance of the year?

Col. HARTMAN. On our past record of maintenance and operation in the various camps, posts, and stations, such as the light bills, water bills, and the general upkeep of the buildings or sometimes within the property itself.

The CHAIRMAN. Is this predicated on the idea of maintaining through the fiscal year all of these camps?

Col. HARTMAN. The amounts arrived at here are apportioned out according to the money we have spent in the past five months and not taking into consideration something like 150 new projects that are stopped and that we have to take over the operation of now. That we did not figure in the amount we have spent up to date. We did not anticipate taking those plants up and operating them until some time next spring.

The CHAIRMAN. How came you to get such an excess of allotments?

Col. HARTMAN. This allotment would have carried us, it is just possible; we would probably have had a deficit had we completed all the projects and had to operate them up to next June. This amount would not have carried us through.

The CHAIRMAN. This only runs to July?

Col. HARTMAN. Yes, sir. That estimate was made up on an assumed number of properties that we would have to operate, but due to the demands of the different departments in calling for new projects which I never estimated on getting; I estimated that this amount would have to run us through to next June.

The CHAIRMAN. What is it you have eliminated which enables you to turn back \$16,500,000?

Col. HARTMAN. The operating records that are coming in from the camps indicate that we have all the funds needed to operate all the different plants.

The CHAIRMAN. This item is for ordinary repair and maintenance?

Col. HARTMAN. And operation.

The CHAIRMAN. "Operation," I suppose by that you mean water, light, and heat?

Col. HARTMAN. Yes, sir; and the running of the railroads and the repairs to the railroads.

The CHAIRMAN. The switches?

Col. HARTMAN. Yes, sir.

The CHAIRMAN. I assume you estimate that the same degree of repair will not now be necessary or desirable in view of the probable permanent abandonment of some of these camps?

Col. HARTMAN. In those camps we will not only be required to keep up the repair, but it will be a question of intensive maintenance, just for the protection of the troops and the supplies that we have in the camps.

The CHAIRMAN. That would apply to the camps, as contradistinguished from the cantonments?

Col. HARTMAN. Yes, sir.

The CHAIRMAN. Do you figure the same cost of operation in view of the fact that the number of troops at these various camps and cantonments will be growing less?

Col. HARTMAN. I figure it will be more, because before we had the electrical and water service under control and could keep it down to a minimum, but now the men are coming back and they will use it to the maximum.

The CHAIRMAN. Why?

Col. HARTMAN. That was one of the difficulties at first. We managed to get it under control when the troops were going over. Now they are coming back and I do not anticipate that we will be able to keep the control of the water and electrical service that we had before.

The CHAIRMAN. You do not think that the discipline will be as rigid or as good?

Col. HARTMAN. No, sir.

The CHAIRMAN. Manifestly there will be at many of these camps a less number of people?

Col. HARTMAN. But the service will have to go on just the same.

The CHAIRMAN. Yes; but not in the same degree?

Col. HARTMAN. No, sir.

The CHAIRMAN. What are you doing in the way of repairs? Are you painting at all?

Col. HARTMAN. I have tried three different times to have a request approved by the Secretary of War, but it has been disapproved in every instance.

The CHAIRMAN. Money was appropriated for painting?

Col. HARTMAN. Yes, sir.

The CHAIRMAN. That has never been spent?

Col. HARTMAN. That lapses this month—\$4,000,000. As I understand, the reason given why the camps were not painted was that some of the ingredients were required for making munitions, and also that linseed oil in the market instead of being 30 cents a gallon was \$1.80 a gallon, which was considered prohibitive. In fact, they would not have been able to get enough oil in this country in order to paint them and carry on the shipping and various other industries.

The CHAIRMAN. Are you doing any large amount of road work under the guise of maintenance?

Col. HARTMAN. None at all. It is a question of intensive maintenance. We have not the funds to do it with, sir. The majority of this road money is in item 15 where you see we have a deficit of \$3,000,000. We have been required to pay out of that fund for the dredging of the channels to the port terminals. That is, if a project was completed and needed to be redredged it came out of this fund.

The CHAIRMAN. What do you mean by "intensive maintenance"?

Col. HARTMAN. Costing more in man power but less in money. I mean going around and catching things before they get to a stage where it would cost us a good deal of money to keep it up. That is, it costs us in that way more for man power, and less in money. We could not afford to do it as a regular thing; we could not get the men.

The CHAIRMAN. Has any program been worked out as to how far you shall undertake to maintain and repair these various camps and cantonments?

Col. HARTMAN. None except that which I have worked out myself.

The CHAIRMAN. What is that?

Col. HARTMAN. To cut down all repairs to the minimum and yet preserve the property so it will not deteriorate too rapidly until some decision is made as to what disposition is going to be made of the camps and cantonments.

The CHAIRMAN. What condition are those properties in?

Col. HARTMAN. From the reports I get they are in excellent condition, except some of the National Guard camps which we are letting go now, except for the protection of supplies and the hospitals.

The CHAIRMAN. Are you buying any material in order to take care of maintenance?

Col. HARTMAN. Not at all. Orders have gone out to the effect that utilities officers will not buy any material except some special equipment like parts of a pump or things of that sort, that they will get all material from salvaged buildings, or material left over from construction projects, and that that will be drawn on to the minimum.

The CHAIRMAN. Do you get a saving from any expense or do they charge you with the material?

Col. HARTMAN. I am charged with that, sir. That is charged off to the construction job, and if I take any of that material it is charged off on my allotment.

The CHAIRMAN. Where construction has been stopped, so that the buildings are partially completed, are they maintained out of construction funds, or turned over to you for maintenance?

Col. HARTMAN. Unless completed and turned over to us we have nothing to do with it; it is still in the hands of the Constructing Quartermaster, waiting for salvage or completion.

The CHAIRMAN. And the maintenance he has to bear out of his funds?

Col. HARTMAN. Yes, sir.

The CHAIRMAN. It is only when he has ceased that you begin?

Col. HARTMAN. Yes, sir.

The CHAIRMAN. Have you many civilian employees in connection with these camps and cantonments?

Col. HARTMAN. None in the camps and cantonments, except possibly an engineer on some plant where we could not get a qualified enlisted man to take it over. There are very few cases. One case at Camp McClellan where we have not been able to get an enlisted man competent to take over the electric station. Then in the case of some hospitals where we have rented the buildings. In the Greenhut Building there is a mass of machinery and I did not think it would be a good plan for the Government to put enlisted men there, especially when the Greenhut people have had their civilian force there for a number of years and we were likely to take over a junk heap and have the expense of anything that might happen to the plant. They have kept their own people on the job and when we get through we will turn the plant back to the owners intact.

The CHAIRMAN. Do you have anything to do with the salvaging of any of this property incident to maintenance?

Col. HARTMAN. That is a question up now for necessary authority to turn that over to the construction division. We feel, inasmuch as we built them and know the market conditions of getting the material that we are in a better position to dispose of the material to the

people from whom we got it. That is a question that has not come up through my particular division of the construction division.

The CHAIRMAN. What is your division?

Col. HARTMAN. The Division of Maintenance and Repair.

The CHAIRMAN. Under Gen. Marshall's division?

Col. HARTMAN. Yes, sir.

The CHAIRMAN. What has been your monthly expenditure?

Col. HARTMAN. It averages along in the heaviest period about a million dollars a week. That takes in 219 Army posts, 32 camps and cantonments, 63 border stations, and all the supply depots, storage depots, and some miscellaneous camps, such as Camp Holabird, Camp Eustis, Camp Humphreys, Camp Leach, Potomac Park, Camp Meigs, Camp Stanley, and several others of that nature.

The CHAIRMAN. What is the method you pursue touching the allowance or estimate of repairs and maintenance; do you have a local quartermaster in charge?

Col. HARTMAN. In each one of the camps, cantonments and hospitals we have a utility organization. In the camps and cantonments there is usually a major; not all of them are majors, some captains and some lieutenants, and ranging from 193 to 400 enlisted men, depending on the size of the camp or the cantonment. These men are divided into operating sections, electrical, water, sewers, roads, buildings, and heating units.

The CHAIRMAN. To what extent are they given a free hand in making repairs?

Col. HARTMAN. The responsibility for repair, upkeep, and operation of the camp rests with the utility officer. I hold him responsible for the operation, and by a system of reports coming back through periodical inspection by inspectors from the office I ascertain the condition of the plant itself and what satisfaction he is giving.

The CHAIRMAN. Suppose he wants to do some work, or suppose the commanding officer thinks certain repair work is necessary, has he the power to do that?

Col. HARTMAN. Out of the working funds that I give him. That is strictly for maintenance and repair, no extensions or betterments. By betterments I mean shelving, partitions across a building itself, or additions to a building, or additional heating stoves or things of that nature.

The CHAIRMAN. And he submits an estimate to you as to the amount he needs?

Col. HARTMAN. Yes, sir; and I allot him so much, judging from the experience of the past year. I require a monthly report of all expenditures made out of that allotment, and when he gets down to a certain stage in his allotment and he needs more funds, the funds go to him for maintenance and upkeep.

The CHAIRMAN. Suppose you allot him \$50,000 a month and he wants to spend \$100,000?

Col. HARTMAN. He could not spend it without coming to the Washington office.

The CHAIRMAN. He makes a request for an additional \$50,000. Do you undertake then to check up the need of it?

Col. HARTMAN. If he comes in with a request we immediately undertake to see why he wants it. No man will come in for that much. There would have to be some trouble, and we would go out and, if he was not producing, we would get rid of him.

The CHAIRMAN. Suppose he asked for a less amount, \$5,000 or \$10,000?

Col. HARTMAN. That must be stated in full on his request, and from the records which we have in the office and the result of our inspectors' reports we judge of the necessity for the expenditure right in our office.

The CHAIRMAN. Since the armistice, have you indicated to these officers that there should be a curtailment of expenditure.

Col. HARTMAN. Yes, sir.

The CHAIRMAN. Are you making different allotments?

Col. HARTMAN. I have not made any since the armistice was signed. They are due to come around the last week of this month.

The CHAIRMAN. Your estimate would seem to indicate that you expected to have about the same monthly expenditure?

Col. HARTMAN. On account of the increase in the number of projects that we will have to maintain since the armistice was signed, 45 or 50 hospitals, the storage projects at New Cumberland, South Schenectady, N. Y., and Columbus, Ohio, and the storage plant in Chicago. The South Brooklyn project will be completed by next spring, the Boston Terminal will be through, and the Norfolk and Charleston projects will have to be maintained; also numerous other miscellaneous projects.

The CHAIRMAN. So that you expect to maintain them, along with the others, without an increase in monthly expenditure, due to the retrenchment which you will make?

Col. HARTMAN. Yes, sir. I have not spent anything on the next item, officers' training camps, or on the next item, since the war started, and I do not know what the policy of the War Department is to be. If there are no officers' training camps, that money will be turned back.

The CHAIRMAN. Have you any sort of a property record at these camps?

Col. HARTMAN. Yes, sir. I have had lists coming in—they were due the 15th of this month, but some of the lists have been delayed—giving a complete physical inventory of every bit of property we have and I have a partial inventory of all the permanent garrisons. I am having that checked up now so that I will have a complete physical inventory of everything that the Government owns, as far as the War Department is concerned—that is, under our jurisdiction, but not as to Ordnance, Signal Corps, or the Engineer Corps; but as to the Quartermaster Corps I will have an inventory of everything we have and its condition—that is, as of the date of inspection.

The CHAIRMAN. And the amount of spare parts, if you can use such a phrase, and extra lumber?

Col. HARTMAN. That is being listed now, and the contemplated desires of all posts and every garrison of whatever nature are being tabulated, and, as far as possible, we will use any spares we have in the regular garrisons or in the cantonments.

The CHAIRMAN. I believe you have stated you are not buying anything?

Col. HARTMAN. No; except where it is essential.

The CHAIRMAN. That is, except just here and there some particular thing of a special character and which you have not in stock?

Col. HARTMAN. Yes; or, in some cases, where it is obvious on the face of it that it would cost more to ship it in than to buy it on the job. For instance, on the northern coast of Maine it would be cheaper to buy lumber than to ship it from the south. They are buying all things of that nature, but are not making large purchases.

The CHAIRMAN. You necessarily bring your needs to the attention of the construction people so that you are advised as to what they have?

Col. HARTMAN. I am now working with the construction division on an inventory that I am having turned in and they are having a complete physical inventory made. I organized my section to cover that and the construction division has an organization now under way. If any material is needed on a project to be completed, such as the Norfolk Terminal or the South Brooklyn Terminal, all have access to the records, and if I need anything we go to this section and place our wants before them and they send the materials out.

WEDNESDAY, DECEMBER 18, 1918.

TRAINING CAMP ACTIVITIES.

(See p. 286.)

STATEMENTS OF BRIG. GEN. H. M. LORD, COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, AND MR. GEORGE H. BELL, CHIEF CLERK, COMMISSION ON TRAINING-CAMP ACTIVITIES, AND MR. C. C. WATERS, ACCOUNTANT.

MILITARY POST-EXCHANGES.

The CHAIRMAN. There has been appropriated \$4,875,662 for military post exchanges, of which it appears \$1,180,967 was for construction, \$225,500 for repairs, and \$3,469,195 for equipment. What is included in equipment?

Mr. BELL. Salaries, as well as ordinary equipment. The great bulk of the expenditures under equipment are for salaries.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. Taking up the construction end of it, it appears that of the \$1,180,967 appropriated there has been either spent or obligated \$630,643.18, which would indicate an available balance of \$550,323.82. Then it is stated that there is an additional cash need of \$50,000, leaving a balance of \$500,323.82, which could be covered into the Treasury?

Mr. BELL. Yes, sir.

The CHAIRMAN. How much of the \$630,000 has been disbursed, and how much represents an obligation?

Mr. BELL. It has all been disbursed except such of it as has been allotted for the construction of Liberty theaters in some of the camps, work on all of which has been stopped except in two cases, where the camps are to be continued, and where the theaters were practically completed.

The CHAIRMAN. What two places?

Mr. BELL. Camp Abraham Eustis, where the theater, since the signing of the armistice, has actually begun operations, and Camp Stewart, where it is expected to open on the 20th. At the other camps, where the theaters were in course of construction, the construction work has actually been stopped as of various dates from November 19 to December 2. There are obligations in each of those cases which have not definitely been determined yet, and just as soon as they have been determined some more of that money will be available.

OBLIGATIONS.

The CHAIRMAN. Have you any estimate as to how much of that \$630,000 is represented by obligations?

Mr. BELL. It is pretty difficult to tell. It has been the practice to allot practically 60 per cent of the cost of a theater in each case to the theater division to go ahead on, and they have undertaken the work on that basis. We have the actual condition in which the work was in each case at the date it was stopped. For instance, at Camp Wheeler the work was stopped on November 19 and 10 per cent of it had been done; on December 2 it was stopped at Camp Hancock, 10 per cent of it having been done; at Camp Wadsworth, on November 19, the work was stopped, and 25 per cent of it had been done; at Camp Zachary Taylor it was stopped on November 19, no construction having been started; on November 20 it was stopped at Camp Jackson, no construction having been started; and on November 19 at Camp Knox, 5 per cent of the work had been done at that time. There was also under way the reconstruction of the theater at Camp McArthur, 65 per cent of which had been completed November 19, when that work was stopped. The actual cost of the work done up to the time it was stopped we have not as yet been able to obtain.

NOTE.—In estimating percentage of completion of construction these replies refer to the status of the building work, without consideration of the cost of materials, practically all of which have been purchased.

The CHAIRMAN. Approximately, then, a good part of this \$630,000 represents obligations that will not have to be met if you do not finish these projects?

Mr. BELL. Some part of it at least, yes. We will get that information as accurately as we can at once.

The CHAIRMAN. I wish you would put in the record what amount of this \$630,643.18 represents obligations that will not have to be met and which can therefore be turned into the Treasury. By obligations that will not have to be met I mean obligations on the assumption that the work will not have to be carried on, and I do not mean on the basis of the desirability.

Mr. BELL. Very well.

NOTE.—The total, \$630,643.18, represents disbursements actually made or in process of payment, authority for expenditure of which has been given by the Commission on Training Camp Activities upon requisition from the Construction Division to meet bills for material and labor. Upon a basis of the estimated cost of work under way there were obligations for which the commission would have been called upon to supply cash amounting to \$178,920.

Disbursements.....	\$630,643.18
Obligations for unallotted balance of estimated cost.....	178,920.00
Total required to carry work to completion.....	807,563.18
Estimated savings on abandonments.....	126,920.00
Total needs for year.....	680,643.18

ESTIMATED SAVINGS.

Savings are estimated on the following Liberty theaters, material for which had been purchased and work started, which have now been ordered abandoned:

Camp Hancock.....	\$25,900
Camp Jackson.....	28,900
Camp Knox.....	12,335
Camp Zachary Taylor.....	12,735
Camp Wadsworth.....	21,150
Camp Wheeler.....	35,900
	<hr/>
	126,920

The CHAIRMAN. In view of the fact that there is certain of this money that you will unquestionably get back why do you figure an additional need of \$50,000?

Mr. WATERS. That was for the completion of these two specific theaters. I might say that we expect to meet additional costs on theaters already completed which have not been reported to us by the Construction Division. We have allotted round sums to them to get the work started, and, therefore, I took it up with the Construction Division and we went over the projects, and they estimated that with that amount they can pay for the projects completed prior to the time of the armistice. Therefore we have estimated that we will need \$50,000 and which we know we do need for those two places.

The CHAIRMAN. That is assuming you will not get rid of any of your obligations?

Mr. WATERS. Yes, sir.

The CHAIRMAN. But, of course, you will get rid of considerably more than \$50,000 worth of obligations?

Mr. WATERS. I doubt it.

REPAIRS.

The CHAIRMAN. For repairs you have had \$225,500; you seem to have made disbursements or incurred obligations of \$165,000, leaving an available balance of \$60,500 which you are prepared to surrender?

Mr. BELL. Yes, sir.

The CHAIRMAN. Do you maintain these buildings?

Mr. BELL. Yes, sir. There is allowed in that \$165,000 \$2,000 apiece for repairs and, as a matter of fact, the painting referred to a moment ago, for 32 buildings.

The CHAIRMAN. You are not proposing to paint them now, are you?

Mr. BELL. That has been the plan.

The CHAIRMAN. I mean since the signing of the armistice.

Mr. BELL. There the question arises as to the policy of the division in relation to all buildings maintained, just as the Colonel was saying a moment ago. But that is included in the \$2,000 for the maintenance and repair of those buildings.

The CHAIRMAN. How much of that \$165,000 represents actual obligations and not projects?

Mr. WATERS. It is an obligation on our books to the extent that it has been turned over to the maintenance and repair branch.

The CHAIRMAN. I understand, but they have not incurred obligations for the painting of these buildings. How many buildings did you say?

Mr. BELL. The painting is simply included, with other ordinary repairs, for 32 buildings, the amount being small in each case.

The CHAIRMAN. I wish you would find out how much of that \$165,000 represents a real obligation in the sense that it will have to be met, and how much of it is not such an obligation.

Mr. BELL. Very well.

CONSTRUCTION—MAINTENANCE—EQUIPMENT OF POST EXCHANGE.

Allotted to the repairs and maintenance branch of the Construction Division and by them allotted to division and camp commanders for distribution to Regular Army posts in accordance with Army regulations:

Repairs of Liberty Theaters (distributed to 32 camp officers for minor repairs during year).....	\$64,000.00
Repairs of post exchange buildings (all allotted to department commanders and subsidiaries).....	101,000.00
	<hr/> 165,000.00

Equipment for post exchange (approximately one-half of amount asked for for fiscal year. The chief of the repair and maintenance branch estimates that this will be sufficient for the current year. None of this money will be available for the Commission on Training Camp Activities).....	500,000.00
	<hr/> 665,000.00

Total.....	665,000.00
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EQUIPMENT.

(See pp. 284, 291.)

The CHAIRMAN. For equipment you have had \$3,469,195, and you have either disbursed or obligated, \$1,703,273.04, leaving an available balance of \$1,765,921.96. Then you estimate an additional cash need of \$628,641, leaving a free balance, according to your statement, of \$1,137,280.96. How much of this represents salaries and how much of it represents equipment?

SALARIES.

(See p. 290.)

Mr. BELL. There is definitely allotted for salaries of that amount \$629,200.

The CHAIRMAN. Of what amount?

Mr. BELL. Of the total of \$3,469,195.

The CHAIRMAN. What is your monthly salary roll?

Mr. BELL. About \$53,000.

The CHAIRMAN. What do you estimate that to be for the remaining seven months?

Mr. BELL. At that rate.

The CHAIRMAN. Why?

Mr. BELL. There is no evidence, with the policy as it stands, of any ability to lower that materially below that figure.

The CHAIRMAN. You are going to have a lot of camps go out of business?

Mr. BELL. As we are going at this moment, our salaries paid and salaries to be paid, if we do the same amount of work and have to employ the same number of people at the same salaries, would amount to \$600,558 per year, so that we simply have a leeway of \$28,000 during these seven months for any additional needs that there may be of any kind. We have stopped entirely appointing people, except with

the consent of the Secretary of War, under his order, and have undertaken, where possible, to make reductions. We have not up to this time been able to make many reductions, and are not clear, because we do not know what the policy is to be, at what rate they can be made.

The CHAIRMAN. How much have you spent for equipment?

Mr. BELL. That is, actual equipment out of that amount?

The CHAIRMAN. Yes.

EQUIPMENT, SUPPLIES, AND TRAVEL EXPENSES.

(See pp. 283, 291.)

Mr. BELL. Well, equipment, supplies, and travel expenses are bulked. The total amount paid or contracted for is \$50,274, plus athletic equipment, which is segregated, and for which \$500,000 has been spent, and we estimate that \$500,000 will have to be spent during the coming seven months.

The CHAIRMAN. Why?

Mr. BELL. We have never been able to supply anything like the number of men in the field, because there has been an inability to get materials.

The CHAIRMAN. What are you going to do with all the money that you got in your recent drive and that is under your supervision?

Mr. BELL. There is quite a line drawn between the work of those organizations and the actual athletic work of the Army. Our athletic equipment is used actually in the Army as a part of the Army's work, as a part of the training, as a part of its morale, and as a part of its upkeep, while the other is purely recreational.

The CHAIRMAN. We would be glad to have you put in the record a statement showing the total of that part of the \$1,703,273 which is not represented in the other expenditure and then what goes to make up the estimate of \$628,641 of additional cash need.

Mr. WATERS. That is a part of the other table, which explains that.

Mr. BELL. Of that \$628,000, \$500,000 is for athletic equipment.

The CHAIRMAN. Well, this additional statement would seem to indicate that you have already bought \$500,000 worth of athletic equipment.

Mr. BELL. Yes, sir.

The CHAIRMAN. Do you propose buying \$500,000 worth more of it? You have already paid out in salaries or contracted to pay out \$600,558.99. Do you anticipate that the need for the balance of the seven months will be \$128,641.01? Why did you not contract for that while you were about it? I do not understand your division. You do not mean that you have paid out \$600,558.99 in salaries, do you?

Mr. BELL. No, sir.

The CHAIRMAN. That means that you do not propose to let go of any of those people that go to make up that total?

Mr. BELL. It is based on the assumption that the force will remain as it is.

The CHAIRMAN. So that, to the extent that we want to reduce that force, we get rid of that amount?

Mr. BELL. Yes, sir.

The CHAIRMAN. That amount of \$600,558.99 covers 12 months?

Mr. BELL. Yes, sir. A total of \$600,558.99 was allotted for salaries for 12 months.

SUPPLIES FOR CHAPLAINS AND MAINTENANCE OF POST EXCHANGE BUILDINGS.

The CHAIRMAN. Now, you have \$500,000 for supplies for chaplains and maintenance of post exchange buildings. How much of that is for chaplains and how much for maintenance of post exchange buildings?

Mr. BELL. That is definitely out of our hands. It was allotted to them for that specific purpose.

The CHAIRMAN. By whom?

Mr. WATERS. Those requests came up from the chaplains and the post-exchange buildings for repairs, and on the basis of past performances it is estimated that that amount will be required.

The CHAIRMAN. No; you estimate that \$500,000 had already been contracted for the entire year.

Mr. WATERS. For the branches; yes, sir.

Mr. BELL. I do not know how that allotment came to be made.

Mr. VARE. As to this item of \$500,000, paid or contracted for, who makes those contracts?

Mr. BELL. That is athletic equipment. Those contracts are made for us by the Quartermaster Department.

Mr. VARE. Have you made any effort to ascertain, or have you inquired whether or not any portion of these contracts could be canceled?

Mr. BELL. That is athletic equipment based on an army of 500,000 men. That will really mean \$1,000,000 divided among the men of the Army, and that makes a very small amount to each man.

Mr. VARE. That does not answer my question. I asked you whether any effort had been made to ascertain or to inquire whether or not any of these contracts could be canceled where the goods have not been delivered?

Mr. BELL. I am not clear as to whether they are in shape to be canceled or not.

The CHAIRMAN. In point of fact, only \$500,000 worth has either been bought or contracted for, and the other \$500,000 is what you expect to spend.

Mr. WATERS. We have contracted for \$500,000 worth, which is now being delivered.

The CHAIRMAN. The other amount is free?

Mr. BELL. The other apparently is a question of whether the policy of buying that equipment is to continue.

The CHAIRMAN. It is not tied up?

Mr. BELL. Apparently not.

The CHAIRMAN. How much have you spent, all told, heretofore for athletic equipment?

Mr. WATERS. Not very much out of this appropriation.

The CHAIRMAN. There has been a great deal furnished voluntarily?

Mr. BELL. I doubt if we have a record of what has been furnished voluntarily. Several organizations have collected many supplies, particularly baseball material, but not in a systematic way.

The CHAIRMAN. These charities have also spent some money for that, have they not?

Mr. BELL. I can not answer that.

Mr. VARE. Who has to do with the shaping or mapping out of the policy of your department as to the continuation of this service at the different camps?

Mr. BELL. Apparently the Secretary of War and the Administration.

THURSDAY, DECEMBER 19, 1918.

STATEMENTS OF BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS, MR. M. L. McBRIDE AND MR. C. C. WATERS, REPRESENTING THE COMMISSION ON TRAINING CAMP ACTIVITIES.

MILITARY POST EXCHANGES—TRAINING CAMP ACTIVITIES.

CONSTRUCTION WORK.

(See p. 280.)

The CHAIRMAN. Mr. McBride, we have been examining the estimates forming the appropriation of \$4,875,662 for military post exchanges for the fiscal year 1919, and a statement has been submitted showing that there has been disbursed or obligated \$2,117,416.82. Do you know how much of that represents actual disbursements and how much of it represents obligations?

Mr. McBRIDE. No, sir; I do not. The first item of \$500,000 has been spent.

Mr. WATERS. The money has been paid?

Mr. McBRIDE. The construction and maintenance fund has been obligated, as I understand it.

The CHAIRMAN. You might cut out some of the obligations and that is the reason I want to know how much actual cash has been spent.

Mr. McBRIDE. On that item, I think all has been spent with the exception, possibly, of \$100,000; but we will have to pay it out, because the theaters have been started on an appropriation of a smaller amount than it has actually cost.

The CHAIRMAN. Somebody ought to be able to tell us how much of this money represents obligations and how much represents cash expended and then of the obligations they ought to be able to tell how much will have to be actually met any why.

Mr. WATERS. Every item is a disbursement, because it will have to be met with cash.

The CHAIRMAN. That is a conclusion, and I would like to know the facts on which it is based, because if that is true it is the only case I know of in which it is true.

Mr. McBRIDE. How much has actually been disbursed, Mr. Waters?

Mr. WATERS. Taking it item by item I have never been able to get a report on the construction items. I have not been able to get a report on them in full, and I do not know how much has been spent.

NOTE.—The total \$630,643.18 represents disbursements actually made or in process of payment, authority for expenditure of which has been given by the C. T. C. A. upon requisition from the Construction Division to meet bills for material and labor. Upon a basis of the estimated cost of work under way there were obligations for which a Commission would have been called upon to supply cash amounting to \$178,920.00.

Disbursements, \$630,643.18.

Obligations for unallotted balance of estimated cost, \$178,920.00.

Total required to carry work to completion, \$807,563.18.

Estimated savings on abandonments, \$126,920.00.

Total needs for year, \$680,643.18.

Savings are estimated on the following Liberty Theaters, material for which had been purchased and work started, which have now been ordered abandoned.

	Estimated savings.
Camp Hancock.....	\$25,900
Camp Jackson.....	28,900
Camp Knox.....	12,335
Camp Taylor.....	12,735
Camp Wadsworth.....	21,150
Camp Wheeler.....	35,900
	<hr/> 126,920

Mr. McBRIDE. You understand why it is difficult for us to tell about the construction disbursements. When we start the construction of a theater, or any other building we have to allot immediately a certain amount of money. If the building costs \$45,000, we will probably allot \$30,000, and then when they spend the \$30,000 they ask for a supplemental or final allotment.

The CHAIRMAN. The testimony in that regard, as I recall it, was that you allotted 60 per cent of the cost of the building. The testimony also went on to show that a number of those theaters have not been over 5 per cent completed; that work on some of them had not started; that some of them were 10 per cent completed; and some of them further along. Now, unless they are as much as 60 per cent completed, if you stopped the work, you would have a balance in each instance.

Mr. McBRIDE. Mr. Waters, can you tell the amount that has actually been spent of that \$2,117,461.82, and how much obligated?

Mr. WATERS. I can not tell you that.

Mr. McBRIDE. Can you tell approximately?

Mr. WATERS. I can not tell in those two items, construction of theaters and the maintenance of post exchanges. On the other three items the money has been spent.

Mr. McBRIDE. We asked originally on this deficiency bill for \$1,000,000, and you gave us slightly under \$500,000, and we told you we would build four new theaters immediately—at Camps Wadsworth, Hancock, Jackson, and Wheeler. Immediately after the armistice was signed, we canceled every one of them, saving about \$200,000. We were to build a new theater at Fayetteville. The plans were all made and had gone forward to construction form, but we canceled them immediately. We were going to build three more theaters at Camps Meade, Knox, and Taylor, at a cost of \$25,000 each, but we canceled them all except the one at Meade, because that was apparently pretty well along, and they were going to need it. The one at Camp Mills we continued because it is a debarkation camp, and the cost of that was \$50,000. We canceled one at Camp Greene for \$25,000, and theaters at El Paso, and at Fort Benjamin Harrison. We canceled one at Camp Johnson, one at Camp Shelby, one at Kelly Field, and one at Camp Grant. So that, of that \$400,000 additional that you gave us, we are under obligations for only \$183,000. We will not spend any more of it, of course.

The CHAIRMAN. How much of that \$183,000 did you spend?

Mr. McBRIDE. The projects there were more than 60 per cent completed, and they were in camps where they were going to be used, according to the best information we could get from the General Staff for some time to come.

The CHAIRMAN. So you went ahead and completed them?

Mr. McBRIDE. We completed them rather than have unfinished buildings not available at all.

ATHLETIC EQUIPMENT.

The CHAIRMAN. You have estimated for the rest of the fiscal year as additional cash needs \$1,031,500—\$500,000 of that represents what you call athletic equipment. Why should you spend that much money for athletic equipment?

Mr. McBRIDE. Well, for the reason that athletics in the Army have been taken under the supervision of the commission, and the equipment that they have depended upon in the instruction of the soldiers has been furnished by the commission. That was the only way we could get it. The charitable organizations, such as the Y. M. C. A. have supplied a good deal of it, but they have not supplied it officially.

The CHAIRMAN. The seven allied charitable organizations have just collected \$200,000,000, and they have got infinitely more money than they can have any real plans for spending. In view of that fact, why should you need to purchase \$500,000 worth of athletic equipment?

Mr. McBRIDE. The unfortunate part of it is that we have not the money and can not absolutely control the spending of it.

The CHAIRMAN. I understand that you have not the money, but if you do not get this \$500,000, you will not have that either. Presumably those charitable organizations that have gotten this money through the liberality of the country, will be in a position to furnish all the athletic equipment that is wanted.

Mr. McBRIDE. They will furnish a good deal of it, but it is our judgment that this is needed. We are just as anxious to economize as your committee is to have us do so.

The CHAIRMAN. Mr. McBride, how much athletic equipment have you bought in the past?

Mr. McBRIDE. We spent this year \$500,000 for athletic equipment.

The CHAIRMAN. How much did you spend for that purpose before this year?

Mr. McBRIDE. About \$250,000.

The CHAIRMAN. How much have you on hand?

Mr. McBRIDE. None, to my knowledge.

The CHAIRMAN. You do not mean to say that \$750,000 worth of athletic equipment has gone, with nothing left?

Mr. McBRIDE. As you know, boxing gloves do not last forever, and baseballs and footballs do not last forever.

The CHAIRMAN. No, but they do not all disappear at once, either.

Mr. McBRIDE. The life of a football would not be very long, and the life of a pair of boxing gloves would not be very long, used as they are in the Army camps.

Mr. EAGAN. What does your outfit consist of?

Mr. McBRIDE. We provide a unit of athletic equipment in our box consisting of so many soccer balls, so many pairs of boxing gloves, etc., baseballs, footballs, and equipment supposed to be sufficient for 1000 men. That costs \$150.

Mr. EAGAN. Do you furnish any apparatus?

Mr. McBRIDE. No, sir. Then, those sets belong to them. In some cases they have taken them abroad, but not in all cases, because the Army would not permit it to go along. We are now anxious to send more of it abroad, because at the rest camps and in the rest areas it is more than ever necessary now when the men have more time on their hands.

The CHAIRMAN. Do you know what program the allied charities have for the expenditure of this \$200,000,000 that they have received, or what portion will be expended for athletic equipment?

Mr. McBRIDE. I can not tell you in dollars and cents how much they will spend on athletic equipment, but I think they will spend a considerable amount.

The CHAIRMAN. How much do you think they will spend for that purpose?

Mr. McBRIDE. I should think it would be over \$1,000,000.

The CHAIRMAN. If that be true, do you still think you will need \$500,000 additional for that purpose?

Mr. McBRIDE. I certainly do, or I would not have it in there.

The CHAIRMAN. What is your reason for thinking you will need it?

Mr. McBRIDE. It is for this reason: We have an officer who is assigned as athletic director in each district or division to take charge of the athletics, and if you do not give that man proper tools to do his work with he is not going to be an efficient man.

The CHAIRMAN. Do you think he is a very necessary man, or, at least, here at home?

Mr. McBRIDE. I think so.

The CHAIRMAN. Why?

Mr. McBRIDE. Because you will have Army units stationed at every one of the demobilization camps, a regiment or two, at least. These men will be kept in the camps during the demobilization, or for at least the quarantine period of two weeks. They will have nothing to do; there will be no drills, and it will be the most demoralizing time for the men. They will be at these camps waiting to get home, and it will be worse than a prison to them.

The CHAIRMAN. How much of this money do you expect to use overseas?

Mr. McBRIDE. Do you mean of the \$500,000?

The CHAIRMAN. Yes.

Mr. McBRIDE. I think a good part of it, but I can not tell you exactly.

CONSTRUCTION AND MAINTENANCE OF THEATERS.

The CHAIRMAN. I notice you have \$50,000 additional for construction and maintenance of theaters.

Mr. McBRIDE. That is only for covering projects that are 80 or 90 per cent completed, and on which the construction division will depend upon us to replenish them.

The CHAIRMAN. Do you know how much of it is for maintenance?

Mr. McBRIDE. No, sir; I can not itemize that figure. We have 32 theaters operating and every once in a while there is something that has to be done in regard to maintenance.

SALARIES.

The CHAIRMAN. Then you have for salaries an item of \$381,500: Are you going to keep your present salary roll throughout the year?

Mr. McBRIDE. No, sir; we are endeavoring to change them as rapidly as possible.

The CHAIRMAN. What is your monthly salary roll now?

Mr. McBRIDE. \$55,000.

The CHAIRMAN. This would be for six and a half months. Your present salary roll would be \$356,500. You have allotted here as additional needs \$381,500, and that would seem to indicate that you would more than keep your present roll.

Mr. McBRIDE. That estimate includes the month of December. It would be seven times that amount.

The CHAIRMAN. Then, you propose to make a reduction, apparently, of \$3,500 in your salary roll.

Mr. McBRIDE. We hope to do more than that. What we want to do is to replace the civilian personnel with Army personnel as rapidly as we can, and we have the assurance of Secretary Baker that he will assist us in that.

The CHAIRMAN. If you are going to make real reduction, manifestly you do not need this \$381,500 for the rest of the year. Is not that true?

Mr. McBRIDE. We may not need it, and we will not spend it if we do not need it.

The CHAIRMAN. That is not what the committee is interested in. That sort of consideration would make unnecessary any hearing at all. We want to ascertain how much will probably be spent. If you are going to make any real reduction, manifestly a considerable part of that sum could be taken off.

Mr. McBRIDE. To the best of my knowledge and belief we will need this, and that is why those figures were submitted.

The CHAIRMAN. Then, you do not expect to make any real reduction of your salary roll?

Mr. McBRIDE. We do, and are planning to do it.

The CHAIRMAN. Either one of the two things works out mathematically.

Mr. McBRIDE. We have athletic civilian officers in the field, and we are trying to replace them with Army officers who are continuing in the service. Now, it is impossible for us to tell you that we will be able to do that by so many men in January and by so many men in February, but we have the assurance of Secretary Baker that it will be done by June 30.

The CHAIRMAN. In point of fact, this statement shows that your disbursements and obligations for salaries to December 13 amounted to \$219,104.59. That would indicate a monthly expenditure of about \$45,000.

Mr. McBRIDE. That has been growing. It was not so much in June as it has been in July, August, September, and October.

The CHAIRMAN. Your expenditure now is at the rate of \$55,000 per month?

Mr. McBRIDE. Yes, sir. I think you are entirely right in feeling that there should be a saving, but I would hate to see you cut \$100,000 out of it, because I think you would handicap us in what we are trying to do.

The CHAIRMAN. I do not see how we would be.

Mr. McBRIDE. If I may say so, if our field people should stop to-morrow, we could not go out and find trained song leaders to take care of the division singing.

The CHAIRMAN. Do you expect to do much division singing in the camps here at home where they are demobilizing?

Mr. McBRIDE. We do during the demobilization period.

EQUIPMENT, SUPPLIES, TRAVEL, AND EXPENSES OF COMMISSIONERS
AND EMPLOYEES.

(See pp. 283, 284.)

The CHAIRMAN. You have an item of \$100,000 for equipment, supplies, travel, and expenses of commissioners and employees. It appears that you have spent in five months for this purpose \$50,274.05. Why should you spend in seven months \$100,000 for this purpose?

Mr. McBRIDE. Mr. Waters tells me that \$50,000 only represents our expenditures since the 1st of October, and that we have really spent \$120,000, instead of \$50,000. That, again, is an item that we are doing everything that we possibly can to reduce. We have men who have been acting as district directors, and we will now have Army officers assigned as district directors. When that is done we will save very much under that item. I do not think that you could have any reason to believe that we are not working absolutely with your thought in mind in our whole thought and plan—that is, to economize on our work.

The CHAIRMAN. I am perfectly willing to take your statement to that effect, but your financial statement is not predicated upon successfully carrying out your desire.

Mr. McBRIDE. Well, I think that in cutting our total appropriation for the year from \$4,875,662 to \$3,148,961.82, we have made a pretty big reduction. That is 33½ per cent.

The CHAIRMAN. But the Army will be cut more than that. If I understand you, it is your desire to continue your activities, while lessened in amount, in the same degree that you have all along? In other words, you will do the same things that you have done heretofore?

Mr. McBRIDE. We hope the Army will continue to do it and will be responsible for the work we have done.

The CHAIRMAN. You consider it desirable to continue all the things you did before the signing of the armistice?

Mr. McBRIDE. We consider it very desirable.

The CHAIRMAN. That you should continue to July 1?

Mr. McBRIDE. This means that the War Department will assign officers to do it, and as soon as they are thoroughly doing this work, we will be relieved of it. The civilians doing this work are to be relieved by the War Department and officers will be detailed to do it.

Mr. CANNON. These men when they return to the camps may all be starting home within a week or less time, provided you have enough people there to write their discharges. They are very anxious, I know, from the great number of letters which I am receiving, to get their discharges as soon as possible. Could you not overcome much of this expenditure by having a larger force there to write the discharges?

Mr. McBRIDE. We have nothing to do with that.

Mr. CANNON. Who has?

Mr. McBRIDE. The War Department. The Disbursing and Allotment Division, I suppose; I do not know.

The CHAIRMAN. The thing that I am impressed with is this, accepting the full value of the work you gentlemen have been doing, and even assuming that it has the same value to continue until the end of the fiscal year, there are seven associated charities who have received two hundred million dollars within less than a month and it would seem as if that amount of money was sufficient to take care of all the activities practically of this character from now on?

Mr. McBRIDE. Why should they not buy the subsistence and the supplies for the Army?

The CHAIRMAN. Because that money was not given for that purpose, but the money was given for quite a number of things right along the line of your activities. That is the distinction.

Mr. McBRIDE. But you must have the money which is proper for the work of supervising the expenditures, which is a pretty small per cent.

The CHAIRMAN. You do not supervise them, as I understand it?

Mr. McBRIDE. The activities?

The CHAIRMAN. You supervise the activities, but you do not supervise the expenditures?

Mr. McBRIDE. We supervise the activities within the cantonments.

The CHAIRMAN. But this money is not for that. \$500,000 of it is not to supervise anything; it is to pay for athletic goods.

Mr. McBRIDE. No. You can not supervise your activities in a camp without having an equipment to do it with.

The CHAIRMAN. You can if the other man furnishes the equipment.

Mr. McBRIDE. The other man will furnish the equipment to a certain degree.

SATURDAY, DECEMBER 14, 1918.

ENGINEER CORPS.

STATEMENTS OF MAJ. GEN. WILLIAM M. BLACK, CHIEF OF ENGINEERS; MR. S. M. FELTON, DIRECTOR GENERAL OF MILITARY RAILROADS; COL. EDWIN H. MARKS; AND LIEUT. COL. JAMES B. CRESS, OF THE ENGINEER CORPS, AND BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS.

GENERAL STATEMENT.

The CHAIRMAN. General, the Engineer Corps has had in various appropriations \$1,553,200,000, and according to a sheet that has been submitted to me there has been either disbursed or obligations incurred to the extent of \$837,738,666.68, which would indicate a balance available as of December 1 of \$715,461,333.32, and the statement is made that it is estimated there will be additional cash needed for the balance of the fiscal year of \$20,794,325.79, which would leave of your balance available December 1, \$694,667,007.53 as not required. Of the \$837,738,666.68, which is classified as disbursements made or obligations incurred, there is a certain portion which represents actual disbursements?

Gen. BLACK. Yes.

The CHAIRMAN. And, as I understand your table, there is \$461,991,644.37 of actual disbursements, which would leave as unpaid obligations \$375,747,022.31. Of that latter sum, what do you estimate as the necessary amount which will have to be paid on those unpaid obligations?

Gen. BLACK. The table you have was made by Gen. Lord, based on the figures we gave him for the separate appropriations, and, if you will permit, I would like to take this up by the separate appropriation headings.

ENGINEER OPERATIONS IN THE FIELD.

(See pp. 295, 299.)

Taking up the engineer operations in the field of 1919, there was appropriated by the act of July 9, 1918, \$892,000,000, by the act of November 4, 1918, \$126,250,000, making a total of \$1,018,250,000. In addition to that, we were authorized in the act of November 4, 1918, to make contracts to the extent of \$200,000,000. That contract authorization will not be made use of at all. We estimate we can turn in from that appropriation at once \$447,744,042.72. There are a number of contracts which have been made that are in process of cancellation. Some of those contracts we will have to lose on and some of them we hope we will not have to lose on.

For example, take the contract for the locomotives and the cars. We are now in negotiation with the French and Belgian Governments, and we hope to be with the Italian Government, to take over our contracts themselves, in which case all of that balance we would be able to turn in, but those negotiations are not yet complete, and it is impossible to state exactly on what basis all of these contracts can be canceled, but our estimates show that we hope, by a process which I will give to you later, to save from those obligations \$131,852,000, in which case, counting in the contract authorizations, there would be returned to the Treasury \$779,260,806.76. Of that amount \$579,000,000 would be actual cash appropriated and \$200,000,000 is the contract authorization which will not be taken advantage of. That \$131,852,000 should not be returned to the Treasury until we have completed the cancellation of the contracts and know, because today it is only estimated what we can do.

The CHAIRMAN. But a good part of it could be returned?

Gen. BLACK. Well, Mr. Sherley, it is just in this shape: That is an uncompleted transaction, and we hope we will get that and more, but until that transaction is completed it remains an obligation of the United States.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. That is true in every department of the Government, and the very purpose of this hearing is to cover back moneys, within a rule of safety, that clearly will not be needed, and if you miss your calculations, of course, the Government will have to pay its debts.

Gen. BLACK. Mr. Sherley, we are prepared to-day, immediately, out of this appropriation, to recommend the return to the Treasury of \$447,744,042.72.

The CHAIRMAN. That is simply the unobligated part of your—

Gen. BLACK (interposing). A part of the unobligated part, not the whole of it, and I will go into that further.

The CHAIRMAN. I doubt if in any instance the committee will feel disposed to leave cash sufficient to pay out 100 per cent of the obligations of the various corps, because it is perfectly manifest that they are going to be able to relieve the Government of a lot of those obligations.

Gen. BLACK. Oh, we hope to relieve the Government of all of them.

The CHAIRMAN. I understand that, and the important factor is that we want, as far as we can, to relieve the Treasury of the assignment of funds for purposes that are not going to be needed, in order that the funds will be available to meet those that are needed. In addition to that, General, and without my remark being personal to your corps, it has been rather the belief of the committee that the returning of moneys to the Treasury which it is apparent will not be needed, will be an inducement to the various departments to curtail as far as possible the expenditures that they make, so as not to have a deficiency in connection with what they do have to pay.

CANCELLATION OF CONTRACTS.

Gen. BLACK. Accepting that as the view of the Congress, I would state in regard to this amount to be saved from the cancellation of contracts that that is an obligated balance that can not be used, and we can not object and we would not object to any way at all to Congress putting any limitation they want on that \$131,000,000. It is an obligated balance that we can not touch in any event.

The CHAIRMAN. The moment it is released you can.

Gen. BLACK. No, sir; it would not be. For example, we have here an obligation for purchases made through the General Engineer Depot, Director of Purchases, etc., \$252,153,222.58. We also have among allotments that have been made to other disbursing officers a balance of \$185,354.76. There would be no objection in the wide world to Congress stating that those balances should not be used for any purpose whatever except the cancellation of the obligations, and that all the money we receive from canceled contracts of those amounts should be returned to the Treasury. There is no objection in the world to that. The only question is that there is an estimated amount which we may be able to increase or must decrease. If you take back the \$131,000,000 which we hope to give you we may be in a hole for the matter of \$50,000 or \$60,000. On the other hand, we may be able to make a saving instead of \$131,000,000 of \$135,000,000. Now all of that money that is covered by those obligations I am perfectly willing to see turned back to the Treasury just as quickly as we can cancel the obligations.

The CHAIRMAN. But in the absence of legislation such as you indicate the very moment you canceled an obligation of the Government, in whole or in part, the funds that had been tied by that obligation would become free and could be used by the Engineer Corps. In other words, if you have obligated the Government for \$10,000,000 for locomotives and you are able to save \$6,000,000 of that, you could then take that \$6,000,000 and spend it for any purpose under the act.

Gen. BLACK. Yes, sir; that is correct. Now if you state in this legislation that you are preparing that all of the money received by the cancellation of those contracts existing shall be returned to the Treasury without stating the sum, it would embarrass us much less in our operations.

ENGINEER OPERATIONS IN THE FIELD.

(See pp. 293, 299.)

For engineer operations in the field the total appropriations, leaving out contract authorizations, amounted to \$1,018,250,000. There have been disbursed in the United States for material purchased by the General Engineer Depot, including the Director General of Military Railways and the Director of Purchases, \$59,089,735.15; by all other disbursing officers in the United States, to October 31, \$1,677,059.68. There was disbursed in Europe and allotted to the American Expeditionary Force up to December 1, \$36,512,000, making a total of \$97,278,794.83, which would leave a balance from the appropriation that has not yet been disbursed of \$920,971,205.17.

Now the unpaid obligations chargeable to the balances in item 3, including those of the General Engineer Depot and Director of Purchases, to December 6, amount to \$252,152,222.58, and of all other disbursing officers to October 31, \$185,354.76. Now we have put down here reserved for allotment to the American Expeditionary Force \$200,000,000.

We telegraphed just as soon as we could after the signing of the armistice to Gen. Langfitt, in Europe, asking what would be the amount he would require to carry him through to June 30, 1919, and we received a cablegram in return saying he would require \$200,000,000. That was so much in excess of anything that we had thought possible that we have cabled him again for further information, assuming that it must be wrong. However, we have put that \$200,000,000 down as an obligation.

We have then to be transferred to the Motor Transport Corps, to cover that item for motor vehicles which we had been authorized to give estimates for last year, \$4,466,110.27. That would leave an unobligated or free balance of \$464,166,517.56.

Now this \$200,000,000 requested or estimated from the other side came after we had submitted our figures to the Director of Purchases. We had submitted figures based on the actual demands since the outbreak of the war, month by month, and it was considerably less than \$200,000,000. So we cabled over to find out what in the wide world they meant by saying that \$200,000,000 would be required and what they wanted to do with it.

The estimated savings on outstanding obligations, including cancellations of orders placed by the General Engineer Depot and the Director of Purchases, amounts to \$49,750,000, and on cancellations of orders placed by the Director General of Military Railways, \$52,102,000, making a total of \$131,852,000.

Now, going back to that amount of \$464,166,517.56, we consider that we will have to meet certain requirements for the remainder of the fiscal year, as follows:

PURCHASE OF FLOATING DERRICKS, LOCOMOTIVES, CLERICAL HIRE, ETC., OF DIRECTOR GENERAL OF MILITARY RAILWAYS.

For the purchase of floating derricks, locomotives, spare parts, stevedore material, and for clerical hire of the Director General of Military Railways, \$8,265,000. That is covered by requests that have been made from the other side since the signing of the armistice, and which have been obligated.

COMPLETING MAPS OF ARTILLERY FIRING RANGES.

The next is for completing maps of artillery firing ranges, as follows: For Camp Jackson, \$12,900; for Camp Bragg, \$57,248.96; and for Camp Hancock, \$26,555.96. Since this estimate was made, Camp Hancock has been ordered abandoned, so that goes out.

PAY OF FIELD PARTIES AND OFFICE ASSISTANTS ON MAPPING WORK.

The next is to make payment to field parties and office assistants on mapping work, \$107,000. As to that military mapping work, I shall want to go into the details of that with you.

PURCHASE OF AERIAL CARTOGRAPHIC EQUIPMENT.

The next is for the purchase of aerial cartographic equipment, \$5,000, and I want to go into that with you somewhat in detail.

PAYMENT OF LIBERTY LOAN AND OTHER ALLOTMENTS OF CIVILIAN CLERKS OVERSEAS.

The next is for payment of Liberty loan and other allotments of civilian clerks overseas, \$40,000.

ENGINEER TRAINING OF INFANTRY DIVISIONS.

The next is engineer training of Ninth to Twentieth Infantry Divisions, \$225,815.88. Those are divisions that are to be kept on in training, and that is at the monthly rate that has been deemed necessary for them up to June 30. This simply depends on when we get rid of those divisions.

ENGINEER TRAINING AT INFANTRY SCHOOL, COLUMBUS, GA.

(See p. 320.)

The next is engineer training at infantry school of arms, Columbus, Ga., \$100,000. That was a direct order that came to us last week from the Chief of Staff for the purchase of surveying instruments and things of that kind to the tune of \$100,000.

The CHAIRMAN. Have you not all of that equipment you want and more, too?

Gen. BLACK. No, sir.

The CHAIRMAN. You must have it somewhere. It may be in use now, but you must have it.

Gen. BLACK. We can not get at it.

The CHAIRMAN. That may be.

Gen. BLACK. That came to us last week from the Chief of Staff.

The CHAIRMAN. That only removes the responsibility without justifying the expenditure.

Gen. BLACK. As to that, all of this material is purchased through the Division of Purchases, and if they have any of that material available, it will undoubtedly be used. If not, it will have to be bought. Just what they have on hand of that, I do not know, because we have no means of knowing.

SUPPLY AND ENGINEER TRAINING OF SPECIAL UNITS.

The next is expenses of supply and engineer training of special units like the last item above, \$2,000,000.

EXPENSES OF DEMOBILIZATION.

(See p. 321.)

The next is expenses of demobilization, \$2,000,000. That is a pure guess.

The CHAIRMAN. Why should you have any of that?

Gen. BLACK. We do not know that we will have any. That is a sheer, pure guess.

The CHAIRMAN. That is taken care of out of other funds.

Gen. BLACK. No, sir; not entirely. This is for the engineers. For instance, at the camps that we have leased, we have got to do a lot of cleaning up. There are barbed-wire entanglements that must be removed, trenches must be leveled up, and fences put up where they have been taken down. That is a pure guess as to what it will be, because we do not know.

ENGINEER TRAINING AT FIELD ARTILLERY FIRING CENTERS.

The next is additional for engineer training at field artillery firing centers, \$4,000.

OPERATION OF CENTRAL PHOTOGRAPHIC LABORATORY, ETC., WASHINGTON BARRACKS.

(See p. 321.)

The next item is operation of central photographic laboratory, military trade schools, central mapping plant, etc., Washington Barracks, \$71,030.

That photographic laboratory is largely engaged in getting up historical work and things of that kind for the Army at large, and it is also assisting in some of our mapping work. That central mapping plant is the plant which prints the military maps of the United States, and this is the amount that is necessary to carry that work on. They reproduce all the maps that the War College wants, and then we have our own maps. One of the things we are doing in the way of mapping in addition to the ordinary military mapping is the making of maps of aerial lanes for the Air Service, and we have made some maps of aerial lanes for the Post Office Department for use in the Mail Carrying Service. We have requests now for maps all over the United States.

SCHOOLS AT CAMP HUMPHREYS.

The next items are for Camp Humphreys. We have established there a school for 62 young officers who have finished but two years of the course at West Point, and this item here of \$20,180 represents the expense of that. We have to furnish all kinds of things, including textbooks, stationery, and some apparatus. For vocational schools at Camp Humphreys we have put down \$208,900. The vocational schools are what are termed trade schools for enlisted men, and these are being carried on at Camp Humphreys, and also to a certain extent at Washington Barracks. At Washington Barracks we have a good deal of a plant already installed that has been used right straight through in training our men. Then for pontoon, bridge, and pioneer schools, at Camp Humphreys, \$20,000 is put down. The original pontoon material that we had was intended for lighter loads than we have now. Now we have heavy tanks and heavy artillery material so that it has been necessary to develop the old apparatus so as to adapt it to the new work.

DEVELOPMENT WORK IN CAMOUFLAGE.

For camouflage we have put down \$5,000. That is just now being developed to a practical point, and there are a number of things that will come up.

The next is changing personnel of camouflage development work from military to civilian status, \$2,900.

Those next two items of \$1,200,000 and \$77,500 are really items that belong to the Division of Purchase, Storage, and Traffic, and why they call on us to furnish the money I do not know. They have been paid from that fund. They are in that division, and have been taken away from us. The personnel has been taken away from us, but we are called upon to pay for it. Of course they must be paid for somewhere.

MISCELLANEOUS.

For miscellaneous we put down \$2,000,000, covering allotments made since October 31, but we do not know how much of this has been used. The above anticipated requirements total \$16,422,474.84. That leaves \$447,744,042.72 available for turning in.

TO CONTINUE MAPPING WORK UPON CIVILIAN BASIS BY UNITED STATES GEOLOGICAL SURVEY.

There is a note that allowance should be made for an amount to be transferred to the United States Geological Survey to continue mapping work upon a civilian basis. There was an act of Congress approved May 12, 1917, providing—

That members of the Officers' Reserve Corps who are in the employ of the United States Government or of the District of Columbia and who are ordered to duty by proper authority shall, when relieved from duty, be restored to the positions held by them when ordered to duty.

This hits the Geological Survey harder than any other branch of the Government service, because so many of its men have been engaged in military mapping work.

If they are released, they have no appropriation whatever for carrying on their work. We estimate for taking these men as they return as civilians and continuing geological survey work with them until June 30, \$308,680.

The CHAIRMAN. You can not use your funds to put them back on civilian work?

Gen. BLACK. Not without your authority.

The CHAIRMAN. This committee is not going to legislate on such matters now.

Gen. BLACK. There is the legislation already. That legislation has been enacted. It is simply to meet the obligations of the Government. This money can be used for that purpose, if it is authorized, and if it is not authorized, it can not be; that is all.

The CHAIRMAN. This simply says that they shall go back to their old status; it does not say that the funds for military work shall become available.

Gen. BLACK. We will go on with the military work and go into that a little later.

The CHAIRMAN. As I understand, you have been dealing with two appropriation acts, the act of July 9, 1918, and the act of November 4, 1918, with total appropriations of \$1,018,250,000?

Gen. BLACK. Yes, sir.

ENGINEER OPERATIONS IN THE FIELD.

[See pp. 293, 295.]

The CHAIRMAN. I was going to call your attention to the fact that you have had for engineering operations in the field in 1918 the sum of \$350,800,000.

Gen. BLACK. Yes, sir.

The CHAIRMAN. Your statement indicates that there has been paid out or obligated \$344,243,530.40, leaving a balance available as of the first of December of \$6,556,469.60?

Gen. BLACK. Yes, sir. There are miscellaneous contingencies which Col. Cress knows about better than I do; \$500,000—what was that for?

Col. CRESS. There are certain contracts which have been made, and certain purchases which have been taken out of 1918, that we desire to cover by that contingent item.

The CHAIRMAN. To what extent is the item of \$344,000,000 an item of disbursements made, and to what extent is it an item of obligations incurred?

Col. CRESS. Disbursements made \$314,000,000, roughly, and we have an unobligated balance of \$6,556,000.

The CHAIRMAN. You have unpaid obligations apparently of \$29,600,000. Are you going to have to meet all of those obligations?

Col. CRESS. Yes, sir. These funds were practically all contracted for in the fiscal year 1918, and the contracts under those are practically completed, so that there is very little saving on those funds.

The CHAIRMAN. You do not anticipate any cancellations that will relieve any of that fund?

Col. CRESS. No, sir; we are estimating none.

The CHAIRMAN. Have you reviewed them enough to know whether that was warranted?

Col. CRESS. Yes; we have gone to the people who have the detailed information and they have reported to us that the orders were placed during the fiscal year 1918 and they are so near completion that they expect to save nothing from them.

The CHAIRMAN. Why do you figure \$500,000 additional?

Col. CRESS. That is simply a miscellaneous item for contingencies that may arise. We receive cables from Europe every now and then to allot such and such moneys from the 1918 appropriation.

The CHAIRMAN. How can you, under the law?

Gen. BLACK. They must have been for contracts made in 1918 not yet completed. That is what that is for.

Col. CRESS. Yes, sir.

Gen. BLACK. We do not know. We have never had a statement from Europe in detail covering fiscal transactions at all. The cables come to us from time to time and can not be for anything but obligations incurred in 1918, which are just being fulfilled. We have nothing on which to base that, not any detailed information at all. We simply know they have been coming in right along and may come in some more.

The CHAIRMAN. For 1918 you have had \$49,150,000 and you seem to have overobligated that to the extent of \$2,840,734.99.

Gen. BLACK. Yes, sir; that appears in the engineer equipment of troops.

The CHAIRMAN. That is for the fiscal year 1918?

Gen. BLACK. Yes, sir; we were authorized to do that in the law.

The CHAIRMAN. You carry the obligations into 1919?

Gen. BLACK. Yes, sir.

The CHAIRMAN. Am I correct in the assumption that the \$51,990,734.99, which is placed under the head of "disbursements made and obligations incurred, December 1, 1918," represents actual disbursements?

Gen. BLACK. Yes, sir.

The CHAIRMAN. I find from the subdivision that the actual disbursements amount to \$48,826,208.02 and unpaid obligations \$3,164,526.97?

Col. CRESS. Yes, sir.

The CHAIRMAN. Do you anticipate that all of those will have to be met?

Col. CRESS. Yes, sir.

The CHAIRMAN. Do you then carry that deficiency of 2,840,000 odd dollars as a charge against your appropriation for 1919?

Col. CRESS. Yes, sir; we do.

The CHAIRMAN. Then we can practically dismiss 1918?

Gen. BLACK. Yes, sir.

The CHAIRMAN. As not only obligated but more than obligated?

Gen. BLACK. Yes, sir.

extent have you actually made cancel--

anceled 1,500 locomotives, costing

we only canceled as to the locomotives. What confronts you touching the cars? What estimate of the work that has been done in the equipment and the allowances we will have to make for it, and the estimates amount to

as to the standard cars, is there not such a warrant you in believing that the makers would be inclined to cancel the contracts, just as the loco-

motives, because they are designed for the French and are not available for use here.

What is the determining factor, then, that requires the Government to order to relieve the Government?

Yes, sir.

SEARCHLIGHTS AND MATERIAL.

MR. FELTON. Does that apply to all the other equipment?

MR. FELTON. It applies to all the narrow-gauge equipment, because the equipment is not available for use here; the spare parts for the repair parts that we were going to ship abroad and which would cost only \$315,000; the searchlight materials amounted to \$368,500 and it will cost \$368,500 to cancel those contracts.

CHAIRMAN. You mean military searchlights?

MR. FELTON. Yes, sir; searchlight materials which we purchased, but you see, that work is half done; the sound and flashlight ranging amount to \$77,000 and it will cost \$35,000 to cancel that.

CHAIRMAN. In connection with the searchlights, I presume, you have your desire to cancel, that there was a stock on hand sufficient to meet the Army needs.

MR. FELTON. They did not want what we tried to cancel.

Gen. BLACK. We want enough for one regiment.

The CHAIRMAN. Have you any knowledge of what is overseas as to that sort of equipment?

Gen. BLACK. We have sent two over—or how many?

Col. CRESS. We have sent only one of the newer type.

Gen. BLACK. In other words, this searchlight development has gone on and we have been able to make very material improvements in the searchlights, reducing the weight from 7,000 pounds to a little over 600 and reducing the cost from \$4,000 to a little over \$1,000.

Mr. SHERLEY. What I had in mind was whether you had equipment overseas that could now be used.

Gen. BLACK. There is practically none. You see, this is new stuff, and we have better searchlights now than we have overseas anywhere and we have nothing overseas that we can use now. The equipment that is overseas is obsolete.

Gen. BLACK. Construction of machinery, \$9,660,427.91; light and power machinery, \$15,816,143.74; shop machinery, \$2,901,804.74; railway track material and fastenings, \$42,952,795.80; railway motive power, \$85,676,073.28; railway rolling stock, \$74,908,385.41; floating equipment, \$299,881.58; automotive transportation, \$889,991.80; horse-drawn transportation and supplies, \$969,714.85; lumber, \$249,209.52; building material and supplies, \$138,211.80; iron and steel and products thereof, \$11,851,734.44; hardware, \$948,783.38; hand tools, \$1,014,725.82; liquids, chemicals, explosives, and accessories, \$387,068.97; engineer supplies, \$3,216,063.83; reproducing and printing equipment, \$58,385.85; office supplies, \$212,251.75; miscellaneous, \$579.93, and general, \$988.18, making up the total of \$252,153,222.58.

The CHAIRMAN. What I want to get, if I can, are the items that pertain to the military railways.

Gen. BLACK. Mr. Felton, himself, as Director General of Military Railways, has been making the purchases of the motive power and rolling stock; he has also been making the purchases of the cranes necessary for the terminals and the locomotive cranes necessary and used at the shops.

Mr. FELTON. The total contracts, on which the \$82,000,000 is based, amount to \$98,586,500; the cost of the cancellation of those contracts is estimated at \$16,032,500, or a net saving of \$82,554,000.

Gen. BLACK. But that is not yet an accomplished fact.

Mr. FELTON. No; but \$57,000,000 of it is an accomplished fact.

The CHAIRMAN. How much of the \$98,586,500 worth of contracts have you actually cancelled?

Mr. FELTON. \$56,662,500.

The CHAIRMAN. At what expense?

Mr. FELTON. No cost.

The CHAIRMAN. So that is a net reduction against the \$98,000,000?

Mr. FELTON. Yes, sir.

The CHAIRMAN. That leaves some forty odd million dollars worth of contracts remaining and about which you have negotiations pending?

Mr. FELTON. Yes; and which I anticipate will cost \$16,000,000 to cancel.

ITEMS REPRESENTED IN CANCELLATION OF CONTRACTS.

The CHAIRMAN. Can you tell us just what was represented, in a broad general way, by these contracts that totaled \$98,000,000 and what character of them you have canceled?

Mr. FELTON. There were 1,500 standard-gauge locomotives; 801 narrow-gauge locomotives; 5,000 standard-gauge cars and the metal parts for 6,000 standard-gauge cars that were to be built in France; there was another item of 700 standard-gauge cars to be built in this country; 3,469 narrow-gauge cars; 967 narrow-gauge cars; 510 push cars; 243 cranes, and the balance was spare parts for cars, searchlight materials, sound and flashlight ranging, gasoline and electric sets and switchboards. Those are small items.

The CHAIRMAN. That is what went to make up your total of \$98,000,000 worth of contracts?

Mr. FELTON. Yes, sir.

The CHAIRMAN. To what extent have you actually made cancellations?

Mr. FELTON. We have actually canceled 1,500 locomotives, costing \$56,662,500.

The CHAIRMAN. So that you have only canceled as to the locomotives. What is the situation that confronts you touching the cars?

Mr. FELTON. We have made an estimate of the work that has been done on the balance of this equipment and the allowances we will have to make on account of it, and the estimates amount to \$16,032,500.

The CHAIRMAN. In regard to the standard cars, is there not such a commercial demand as to warrant you in believing that the makers of these cars would be glad to cancel the contracts, just as the locomotive makers were?

Mr. FELTON. No, sir; because they are designed for the French railroads and are not available for use here.

The CHAIRMAN. That is the determining factor, then, that requires a partial payment in order to relieve the Government?

Mr. FELTON. Yes, sir.

SEARCHLIGHTS AND MATERIAL.

The CHAIRMAN. Does that apply to all the other equipment?

Mr. FELTON. It applies to all the narrow-gauge equipment, because that equipment is not available for use here; the spare parts for the cars were repair parts that we were going to ship abroad and which amounted to only \$315,000; the searchlight materials amounted to \$778,500 and it will cost \$368,500 to cancel those contracts.

The CHAIRMAN. You mean military searchlights?

Mr. FELTON. Yes, sir; searchlight materials which we purchased, and, you see, that work is half done; the sound and flashlight ranging amount to \$77,000 and it will cost \$35,000 to cancel that.

The CHAIRMAN. In connection with the searchlights, I presume, from your desire to cancel, that there was a stock on hand sufficient for the Army needs.

Mr. FELTON. They did not want what we tried to cancel.

Gen. BLACK. We want enough for one regiment.

The CHAIRMAN. Have you any knowledge of what is overseas as to that sort of equipment?

Gen. BLACK. We have sent two over—or how many?

Col. CRESS. We have sent only one of the newer type.

Gen. BLACK. In other words, this searchlight development has gone on and we have been able to make very material improvements in the searchlights, reducing the weight from 7,000 pounds to a little over 600 and reducing the cost from \$4,000 to a little over \$1,000.

Mr. SHERLEY. What I had in mind was whether you had equipment overseas that could now be used.

Gen. BLACK. There is practically none. You see, this is new stuff, and we have better searchlights now than we have overseas anywhere and we have nothing overseas that we can use now. The equipment that is overseas is obsolete.

The CHAIRMAN. The point is just there, General. There will naturally be a tendency on the part of the various corps of the Army to want to keep for their permanent equipment the last thing in that particular article.

Gen. BLACK. Yes, sir.

The CHAIRMAN. While that is a laudable ambition it may not be a justifiable financial arrangement, if you have on hand what is usable.

Gen. BLACK. It has been found that that which is overseas is really not usable in that sense. It is as obsolete as a percussion musket would be to-day. This is antiaircraft searchlight work, and that whole question is a brand new thing that has started with this war.

The CHAIRMAN. Are you permitting to be carried out contracts for any material that you are not compelled to accept that is not absolutely necessary, having in mind what will be available when we get through with what you will receive?

Gen. BLACK. So far as I know, that is the case, and we are not carrying out any contracts that will not be absolutely needed for the equipment of the Army that we will have at home.

The CHAIRMAN. To what extent are you undertaking to carry out contracts because of a desire to have the article and irrespective of the ability to cancel them?

Gen. BLACK. As far as I know, the only one we have is that one relating to the searchlights.

Col. CRESS. There was also a contract for portable bridges under another appropriation which was so nearly finished that it would cost nearly as much to cancel as to complete the contract, and that is practically true with respect to the searchlight contract. They were so far along with the work that it would have cost us a large proportion of the original cost to have canceled them, and the material, on the other hand, would be needed for the equipment of the Army.

SALVAGE FROM MATERIAL SHIPPED OVERSEAS.

The CHAIRMAN. Now, Mr. Felton, leaving aside for a moment the financial statement, you have purchased and shipped overseas a great quantity of material in connection with the military railroads over there and there have been very large expenditures made altogether aside from track and rolling stock. Can you tell the committee the extent of that investment and the probability of salvage from it, and what, if any, steps have been taken in regard to it?

Mr. FELTON. We have expended over \$600,000,000. A large amount of the material for which that expenditure was made is in France, and our people in France, as I understand, are negotiating with the French Government with a view to having them take that material over on some basis. What the basis is I do not know. The remainder which is in this country we are trying to dispose of to the foreign Governments. That is new, sir, and the other is worn.

The CHAIRMAN. How much of the equipment that has gone overseas could be used here and could be brought back with any economy?

Mr. FELTON. None, except the cranes. The rolling stock could not be used here.

The CHAIRMAN. The locomotives could not?

Mr. FELTON. No, sir; but the rails could be used here.

The CHAIRMAN. They do not have our gauge?

Mr. FELTON. The gauge is practically the same. There is a difference of three-sixteenths of an inch; that is all.

The CHAIRMAN. Why would not the locomotives be usable here?

Mr. FELTON. They are too light for our use. They are about the type of locomotives we were building 20 years ago.

The CHAIRMAN. How about the cars?

Mr. FELTON. The same thing is true of the cars and the design of the cars is quite different from ours. Their couplings are entirely different and the height of the platform of the car is different from ours, so that those cars could not be used here economically.

The CHAIRMAN. The rails, of course, could be?

Mr. FELTON. The rails could be, because they are standard pattern.

The CHAIRMAN. And our weight?

Mr. FELTON. Yes, sir.

INVESTMENT IN RAILS OVERSEAS.

The CHAIRMAN. How much investment have we in rails overseas?

Mr. FELTON. Our report as of December 10 shows 295,711 tons of 80-pound rails overseas. I do not know how to estimate the cost, because it involves the cost of transportation across the sea.

The CHAIRMAN. I had in mind in very round figures what the rails cost irrespective of transportation.

Mr. FELTON. There is about \$15,000,000 involved in the cost of those rails at the seaboard here.

TERMINALS, WAREHOUSES, DOCKS, ETC.

The CHAIRMAN. I think it has been frequently testified to that your terminals and warehouses, etc., were built so as to have a usable value other than a war value.

Mr. FELTON. The material in them can be used

The CHAIRMAN. How far is it true that the docks and other structures being of wood, the French will want to insist that they have practically no value except as temporary structures?

Mr. FELTON. The machinery on the docks is all good. There are two large docks that we have built that are of wood, pile structures, that ought to last for some years, and will certainly be useful temporarily for the French, and in time I take it they would replace them in a more permanent way.

The CHAIRMAN. Are you doing any further construction at any of these terminals over there?

Mr. FELTON. We have stopped now, I understand, except some work that we are doing for the French. They have expressed a desire to buy certain cranes from us for Marseille and for Bordeaux and for St. Nazaire, and our men have been erecting those cranes pending their arrangements for erecting them themselves.

The CHAIRMAN. We are doing no construction work?

Mr. FELTON. Nothing but completing some little work.

The CHAIRMAN. Is it of any material amount?

Mr. FELTON. I do not know just the extent, but the last report showed they were doing some work in completing some of the projects.

The CHAIRMAN. Who has been the determining person as to the desirability of going on with work over there?

Mr. FELTON. I should judge Gen. Harbord.

Gen. BLACK. Everything has to go up to Gen. Pershing. Gen. Harbord would be the man to recommend to him.

The CHAIRMAN. I meant who had charge of the work and therefore made the recommendation. Of course, Gen. Pershing would not know anything about it except as it comes to him on paper.

Gen. BLACK. I should say that Gen. Harbord, having general charge of Service of Supply, which includes all those utilities, would be the man.

The CHAIRMAN. I have gotten the impression that there are quite a number of activities you have been going ahead with in France, and I wondered how far that related to the terminals that had been created through the Engineers.

Gen. BLACK. We have a great many facilities of all kinds there, including not only the terminal facilities at the ports, which I think will be of use to the French, but very large depots, hospitals, and cantonments in the interior. The last report we saw showed that some of those were under construction. They had a storehouse maybe 75 or 80 per cent built, and the last report we had was that the construction was continuing there, but we have had no direct statement from there of the stoppage of work or how far that has been stopped.

Mr. FELTON. Our last full report was for the month of October.

Mr. BYRNES. At the headquarters of the S. O. S. they were building an addition to the refrigerating plant, a duplicate of the present building, and they had just started that as late as the last week in October. Do you know whether they are continuing the construction of that building?

Mr. FELTON. I do not, but I imagine they would have to have their refrigerating plants so long as our troops are there.

Mr. BYRNES. The refrigerating plant they had was then serving an army of 2,000,000 men, and they were preparing to duplicate that plant because of the proposed increase of the army. Certainly, there will be no reason for it now. You referred to your cranes: At Bordeaux you were proceeding to increase the number of cranes at those docks.

Mr. FELTON. Those cranes have all been contracted for.

Gen. BLACK. The only information we have is that they have stopped the shipment of all building material from this side and all material of that kind. That is the only direct information we have.

Mr. BYRNES. For instance, the cranes which you stated we have contracted for, are you going to send them abroad?

Gen. BLACK. Some of them; those that they ask for purchase by the French.

Mr. BYRNES. Are they going to buy them at a price to be hereafter fixed?

Mr. FELTON. No, sir; not from here.

DISPOSITION OF EQUIPMENT.

Mr. BYRNES. In that connection may I ask you this question: Can the equipment you have on your railroads be utilized only upon the railroads of France, or can it be used in England or in other European countries?

Mr. FELTON. It can be used in England, France, Belgium, Italy, and Alsace and Lorraine.

Mr. BYRNES. Then we are not compelled to sell to the French?

Mr. FELTON. No.

Mr. BYRNES. Is it proposed to endeavor to procure a bid from any other than the French?

Gen. BLACK. We are endeavoring to do so. There are negotiations actually opened with the French Government and with the Belgian Government and we have been endeavoring to open negotiations with the Italian Government.

Mr. FELTON. There are two different propositions, and I think I might explain them, one is the disposing of the equipment over there that has been used, and the other is disposing of the equipment over here that is new. We are asking the full price for the new equipment over here plus the cost of freight to the port and the cost of transportation overseas. The price they may get for the used equipment over there depends upon the condition it is in and the kind of bargain they can make.

Mr. BYRNES. Will it not depend also upon whether or not you have one bidder or more than one?

Mr. FELTON. No; I think not. I think most of the equipment over there will be absorbed by the French. I judge that from a statement Mr. Tardieu, the French High Commissioner, made to me before he sailed.

The CHAIRMAN. The point is whether the French would be prepared to absorb it at a proper price or whether they would expect to get it from us at their own figures.

Mr. FELTON. The Secretary of War, at the outbreak of the war, had a written understanding with the French High Commissioner that they would take such of this railway equipment as they required at a price which would be the cost less a fair depreciation. I think they have a basis to negotiate on.

The CHAIRMAN. General, do you know whether in the sales that are made of property abroad the moneys are being credited to the appropriations by which the property was procured?

Gen. BLACK. I have had no information on that at all, Mr. Sherley.

The CHAIRMAN. In your estimates here you have taken no account of any salvage?

Gen. BLACK. On the other side; no, sir.

The CHAIRMAN. How about on this side?

Gen. BLACK. We have not anything on this side. The only thing that could be salvaged that the Engineer Department has built are the great exportation depots we built at Norfolk and Hoboken, and those have been taken over by the Department of Purchase, Storage and Traffic, so that we really have not anything. You understand our expenditures almost all went to the other side.

PURCHASE OF FLOATING DERRICKS, LOCOMOTIVES, CLERICAL HIRE,
ETC., OF DIRECTOR GENERAL OF MILITARY RAILWAYS.

The CHAIRMAN. Mr. Felton, I notice that in the anticipated requirements for the remainder of the fiscal year there appears an item of \$8,265,000 for the purchase of floating derricks, locomotives, spare parts, stevedore material, and clerical hire of Director General of Military Railways. What is the explanation of that?

CANCELLATION OF CONTRACTS.

Mr. FELTON. The first item is the cost of the cancellation of contracts allotted but not signed, and that is \$515,000.

FLOATING DERRICKS.

The second item is floating derricks, \$450,000, which I think can be sold in this country.

The CHAIRMAN. Do you mean that those are derricks that are now in process of manufacture?

Mr. FELTON. Yes, sir.

The CHAIRMAN. Why are they not represented, then, in this financial statement by unpaid obligations? Is there not a duplication there?

Mr. FELTON. I think not. They are charged against Engineering Operations in the field for the fiscal year ending June 30, 1919.

Gen. BLACK. This is the cost of canceling and getting rid of them.

The CHAIRMAN. I do not know that I still quite understand the relationship. These derricks are under contract and this is to finish them?

Mr. FELTON. Yes, sir. These derricks have gone so far that they ought to be completed, and when completed they will have a value because we can sell them in this country.

The CHAIRMAN. This would be the contract for the completed derrick?

Mr. FELTON. Yes, sir.

The CHAIRMAN. How does it come that they do not appear in the unpaid obligations?

Mr. FELTON. That is not on this statement. I am sure of that.

The CHAIRMAN. It was arbitrarily separated.

Mr. FELTON. Yes, sir.

The CHAIRMAN. What is the next item?

LOCOMOTIVES.

Mr. FELTON. The next item is locomotives, and that item is not in this statement. The next item is spare parts for locomotives and cars, and that amounts to \$3,000,000. That is not included in this statement.

The CHAIRMAN. What is the amount for locomotives?

Mr. FELTON. \$200,000.

The CHAIRMAN. Is that for locomotives overseas?

Mr. FELTON. That is for locomotives from Panama. Gen. Goethals had a lot of locomotives on hand there. They were 5-foot gauge locomotives, and we arranged with him to change the gauge of those locomotives to our standard and send them up here to be used at our cantonments, docks, terminals, etc., in this country. We bought them for between ten and eleven thousand dollars apiece, while the dealers in second-hand locomotives were charging from twenty-eight to thirty thousand dollars.

The CHAIRMAN. Is this to complete the alterations in them?

Mr. FELTON. This is what we owe on them.

The CHAIRMAN. Is this what you owe for making the alterations on them?

Mr. FELTON. No, sir; this is what we owe for the locomotives.

The CHAIRMAN. Then you are paying that to the Government?

Mr. FELTON. Yes, sir; to the Panama Canal.

The CHAIRMAN. The next item is spare parts.

SPARE PARTS FOR LOCOMOTIVES AND CARS.

Mr. FELTON. The next is spare parts for locomotives and cars, and that amounts to \$3,000,000. That is not included in this statement.

The CHAIRMAN. These are for overseas?

Mr. FELTON. Yes, sir.

The CHAIRMAN. Yes, sir.

The CHAIRMAN. How late was that requisition?

Mr. FELTON. Within two weeks. It was since the armistice.

The CHAIRMAN. The reason for my inquiry was that it struck me that it was quite a little item of expense for spare parts for use overseas, but I presume that the investment there is large enough to make the maintenance needs considerable.

Mr. FELTON. Yes, sir; I think so. The number of cars and locomotives over there would justify it.

STEVEDORE MATERIAL.

The next is stevedore material. That is a recent requisition and it is necessary for the handling of supplies that we are still sending over.

CRANES.

The next is raised-pier cranes and spare parts therefor, and for locomotive gantry cranes. That is an item of \$2,000,000, and is covered by a recent requisition also. The raised-pier cranes are of French design, and the French will take those cranes, and the spare parts are for repairing the cranes already there.

The CHAIRMAN. Are you creating those cranes?

Mr. FELTON. No, sir; they were under order. We were going to cancel them, and the French said that they would take them. We got a cable from the other side saying that they would use them, and then we asked for this \$2,000,000 for those cranes and spare parts and for the locomotive gantry cranes. The only item here for cranes is for 243 that we had under order. That amounted to \$4,860,000, and the cost of cancellation is \$501,000. Those we propose to cancel. These are additional cranes that are not included

in that order at all. I do not think there is anything in the \$8,265,000 that is included in the \$98,000,000.

The CHAIRMAN. Those are obligations that will have to be incurred as a result of the conditions that you have set out?

Mr. FELTON. Yes, sir; up to the 30th of next June.

The CHAIRMAN. Will there be any obligations incident to those particular things after June 30?

Mr. FELTON. I hope not.

The CHAIRMAN. There will not be as to these particular things?

Mr. FELTON. No, sir.

The CHAIRMAN. They represent full costs?

Mr. FELTON. Yes, sir.

The CHAIRMAN. As I understand it, from what has been spoken of here in conversation, in addition to the contracts that were represented herein as totaling something over \$98,000,000, and which you estimate can be terminated in whole or in part with a saving of \$82,102,000, there were quite a number of orders which you had given for the procurement of various things, among others cars, which did represent obligations of the Government in the sense that orders had been given, but which did not represent such a bookkeeping stage of actual contracts entered into as to be carried in this total of unpaid obligations of the Government, and such orders have since been cancelled.

Mr. FELTON. Yes, sir.

The CHAIRMAN. And they amounted to how much?

Mr. FELTON. They amounted to about \$100,000,000.

The CHAIRMAN. They have, to the extent that they have been made, been canceled without cost of the Government?

Mr. FELTON. With a cost of \$15,000.

The CHAIRMAN. They were practically orders that had not been entered upon?

Mr. FELTON. They had made very few expenditures on account of them. They had bought some minor parts, but we adjusted that.

The CHAIRMAN. They were orders of a character that, even where the expenditures had been made, in large measure the contractor was willing to remit them because of the commercial use that he could make of them?

Mr. FELTON. Yes, sir.

The CHAIRMAN. General, I wish you would place in your hearings, when you come to correct them, any information which you may obtain in explanation of the extraordinary demand from overseas for two hundred million dollars.

Gen. BLACK. Yes, sir; I will do so.

DECEMBER 23, 1918.

From: The Chief of Engineers.

To: The Chairman, Appropriations Committee, United States House of Representatives.

Subject: Data relative to estimate "Engineer operations in the field, 1919" for balance of fiscal year.

1. Attached is a statement from Mr. Felton, showing "Amounts of contracts, purchase orders, and agreements negotiated by the Director General Military Railways since July 1, 1918, for the articles indicated, also the amounts which will be canceled and the cost of cancellation"; and below are quoted cablegrams sent to the A. E. F. and the answer received from the A. E. F., in explanation of the increase in the estimate for "Engineer operations in the field" in France for the balance of the fiscal year from \$81,288,000 to \$200,000,000:

CABLEGRAM SENT DECEMBER 12, 1918.

Cable No. X 350, par. 4. For Langfitt. Reference X 329, par. 13. Requesting estimate Engineer funds required by A. E. F. disbursing officers from now to June 30, 1919. Your estimate two hundred millions in S. 580, paragraph 6, exceeds amounts requisitioned similar period during war. Request confirmation and general statement of purpose for which funds are required.

CABLEGRAM RECEIVED DECEMBER 21, 1918.

Cable No. 644, par. 1. For Chief of Engineers. Reference X, 350 paragraph 4, estimate \$200,000,000 covers deferred obligations, Engineer Department, to French and British Governments and commercial concerns, among which are \$38,000,000 for Forestry Service, \$12,000,000 for Artillery camp construction, various other outstanding accounts and estimates of amount necessary to cover future purchases in Europe; \$63,000,000 has been included to cover estimated cost of cancellation of contracts and orders in England and France. Langfitt. HARBOR.

2. It is noted that no item for the Engineer training of troops in the A. E. F. has been included, although certain expenditures will probably be required.

W. M. BLACK,
Major General,
By J. B. CRESS,
Lieutenant Colonel of Engineers.

1 Inclo. (statement) accompg.

Statement of amounts of contracts, purchase orders, and agreements negotiated by the Director General Military Railways since July 1, 1918, for the articles indicated, also the amounts which will be canceled and the cost of cancellation.

Article.	Number.	Amount.	Number.	Amount canceled.	Cost of cancellation.
Locomotives, S. G.	2,510	\$94,602,625	1,500	\$56,061,250	—
Locomotives, N. G.	1,370	11,980,390	1,306	11,529,460	\$1,445,000
Cars, S. G.	70,996	168,489,219	45,915	110,374,575	5,919,200
Cars, N. G.	2,973	2,687,225	2,973	2,687,225	521,725
Cars, dump.	1,767	2,838,542	1,667	2,438,542	689,750
Metal parts for Dyle Bacalan cars, S. G.	6,000	10,704,450	4,000	7,241,150	—
Artillery trucks, N. G.	800	540,000	800	540,000	405,000
Gantry cranes	16	480,000	—	—	—
Locomotive cranes	555	11,273,296	181	3,474,145	227,800
Raised-pier cranes	135	2,650,505	50	997,000	179,000
Marine equipment	—	260,711	—	13,729	—
Searchlights	—	1,404,000	—	219,000	88,000
		307,910,963		195,596,076	9,473,475

SUMMARY.

Total obligations	\$307,910,963
Total cancellations	195,596,076
	112,314,887
Cost of cancellations	9,473,475
Remaining obligations	121,788,362
Amount actually paid	31,158,904
Remaining as unpaid obligation	90,629,458

It is expected to dispose of the following articles to the French, Belgian, and Italian authorities which will be paid for out of appropriations for year ending June 30, 1919:

45 locomotives, S. G., for approximately	\$18,563,375
20,000 cars, S. G., for approximately	45,800,000
16 Gantry cranes, for approximately	480,000
5 locomotive cranes, for approximately	130,000
15 raised-pier cranes, for approximately	300,000

S. M. FELTON,
Director General Military Railways.

WASHINGTON, D. C.,
December 20, 1918.

PROGRAM IN CONNECTION WITH SIZE OF ENGINEER CORPS TO BE MAINTAINED.

The CHAIRMAN. General, have you any program for the balance of the fiscal year which you are working to in connection with the size of the Engineer Corps and therefore the personnel that will be necessary to be maintained?

Gen. BLACK. Yes, sir.

The CHAIRMAN. What is it?

Gen. BLACK. We were directed to make our estimates on the basis of an Army of 500,000 men, divided into 20 divisions, and that was to be divided into five army corps. That calls for a certain complement of Engineer troops in the present organization as found necessary in the American Expeditionary Forces, and that automatically calls for a certain number of officers. In addition to that we have to estimate the officers who are needed for civil work, for school work and for the civil construction work which we have of various kinds. That is the basis on which we are estimating, but it does not enter into any of the funds here.

The CHAIRMAN. It enters into that part of the program for the training of troops from now until the end of the fiscal year?

Gen. BLACK. Yes, sir.

The CHAIRMAN. How many men and officers will you have?

Gen. BLACK. About 60,000, a little over 10 per cent.

COMPLETING MAPS OF ARTILLERY FIRING RANGES.

The CHAIRMAN. Taking up very briefly your estimates here, the first of which we have discussed with Mr. Felton, you have three items for building maps of artillery firing ranges?

Gen. BLACK. Yes, sir. The last of those comes out, because that place is to be abolished, so we do not have to make a map for it. The other two are very detailed topographic survey maps necessary for the instruction of field artillery in learning how to fire, getting their ranges, etc.

The CHAIRMAN. Where is Camp Jackson?

Gen. BLACK. Camp Jackson is near Columbia, S. C. Camp Bragg is at Fayetteville, N. C.

The CHAIRMAN. This is predicated on the idea that those camps are going on?

Gen. BLACK. They are going on for the time being, and they demand these maps. If the Artillery is taken to one of the camps for which they have not the detailed maps, we will have to make the survey for it, and this is based absolutely on the things that we have to make the surveys for.

The CHAIRMAN. You are doing that work now?

Gen. BLACK. Yes, sir.

The CHAIRMAN. How much work have you done?

Col. MARKS. The work at Camp Jackson is practically 90 per cent complete—that is, the mapping. The work at Camp Bragg is, I would say, 15 per cent complete.

The CHAIRMAN. And at Camp Hancock?

Col. MARKS. At Camp Hancock the work is about 80 per cent complete, but we are going to abandon that. We issued orders two days ago to stop the survey there, but the map will be available to be combined into other maps as a useful thing for the country.

PAY OF FIELD PARTIES AND OFFICE ASSISTANTS ON MAPPING WORK.

The CHAIRMAN. You have an item of \$107,000 to make payments to field parties and office assistants on mapping work?

Gen. BLACK. Yes, sir.

The CHAIRMAN. And the note says that this amount is necessitated by changing from a military to a civilian status. What is the meaning of that?

Gen. BLACK. As you will remember, that whole question of military maps we have had up with you from time to time, beginning a few years ago.

The CHAIRMAN. Yes, sir.

Gen. BLACK. We have gone into that and we are trying to get a complete map of the United States. That is, not only for military purposes, but also for civilian purposes, because the military map embodies the civil information, and is made up in two editions, one just like the Geological Survey map with nothing but the civil information on it and the other with the military information. In order to keep up with the field parties we were obliged to have a large number of draftsmen at the headquarters of each of the departments, and we tried to get civilian draftsmen as far as we could. Then we found that we could not get anything like enough civilian draftsmen, they were not to be had, so we obtained from the department authority to make a mapping organization and taking men from the draft who were skilled in that line of work they were assigned to this organization and assigned at the different departments. The same way with the Geological Survey work, we used the military for that, using the Survey work which they were doing for our military maps. These men are all being mustered out and to continue the work we will have to pay them as civilians.

The CHAIRMAN. How much work have you on hand, and what is your policy and program touching this work?

Gen. BLACK. The program is to map the whole United States.

The CHAIRMAN. I know, but that can probably be finished and will be in 100 or 200 years from now.

Gen. BLACK. It would be a bad thing for the United States if that were the case. It just depends on how fast Congress is willing to go.

Col. MARKS. The present program is to complete a map along the coasts and borders of the United States within 100 miles thereof, and also to complete some large scale maps in the vicinity of strategic points along the coasts of the United States, such as Boston and New York; all the strategic points. There are no large scale maps at present in existence.

The CHAIRMAN. How fast do you expect to do that?

Col. MARKS. It was estimated originally that the survey within 100 miles of the coasts would be made in three and one-half years if an appropriation of \$1,000,000 was available each year and the other \$500,000 in the remaining half year.

The CHAIRMAN. At what rate have you been spending money for mapping?

Col. MARKS. At the rate per month or per area?

The CHAIRMAN. How much did you spend during the last fiscal year, and how much have you spent this fiscal year, and what do you plan to spend this year?

Col. MARKS. We have so far actually disbursed this year \$203,500. At the time this statement was prepared we planned to spend the remainder of an \$850,000 appropriation this year.

AERIAL LANE MAPS.

Gen. BLACK. There is one kind of map that Col. Marks has not mentioned and that is the maps which we are called upon to produce called aerial lane maps for the use of airplanes, both military and commercial. Then there is a class of maps almost entirely military which we are making for the Signal Corps, giving the aerial lanes in the vicinity of their flying fields. What other ones are you working on?

Col. MARKS. We have not been working on any that do not cover the vicinity of aerial grounds as they were used during the war. Some of the maps are available for the postal service, as, for instance, the postal route between Washington and New York; they use the maps which we originally prepared in a hurry and which we are trying to get made into better maps at the present time.

Gen. BLACK. What other ones have we besides that?

Col. MARKS. We have had no other calls for aerial lane maps. We have had calls for aerial photography to correct existing maps and to check up the field parties working in the field on new maps and to supplement the data gathered by field parties on any new maps which are being made.

The CHAIRMAN. How far does photography make unnecessary maps for aeroplanes?

Gen. BLACK. It is going to reduce the cost of the topographic map very materially. It will not show elevations. The method that is taken is to fix a series of points for control at the edge of a certain area and to fly over that area and take the photographs. It does not show the elevations, but all that is necessary to do after that is to run the level lines and get the contours.

The CHAIRMAN. Do you get true distances by photography?

Gen. BLACK. Yes, sir.

The CHAIRMAN. How much money did you say you had spent this year?

Col. MARKS. To the 1st of December we had actually disbursed \$203,500.40.

The CHAIRMAN. How much money was appropriated for this purpose?

Col. MARKS. Eight hundred and fifty thousand dollars was appropriated this year.

The CHAIRMAN. Do you expect to spend the balance of it?

Col. MARKS. Yes, sir. If I may, I would like to add something, that although our disbursements to date have been only that much, we have incurred a great many obligations out in the field. The money has been practically expended now, but we have not actually signed the checks.

The CHAIRMAN. To what extent?

Col. MARKS. Roughly, about \$300,000. I have not that exact figure.

The CHAIRMAN. Did that money come out of the appropriation for engineer operations in the field?

Col. MARKS. I beg your pardon, sir; the military surveys and mapping item is going to run a deficit, as we say, by a change from a soldier to a civilian status, if we keep the work up that we have planned.

The CHAIRMAN. Was this money specifically appropriated?

Gen. BLACK. It was appropriated specifically for the military maps.

Col. MARKS. We have a specific appropriation for military maps and surveys and the appropriation for engineer operations in the field also permits the use of that money for mapping.

The CHAIRMAN. So you have been working under two appropriations?

Col. MARKS. To this extent, that such map work as was of permanent value to the United States has been charged against military surveys and maps, and then certain maps were required specifically for the training of troops going to Europe, and the money spent on those surveys came out of the appropriation for engineer operations in the field.

The CHAIRMAN. In giving the amounts of expenditure have you been giving the amounts of expenditure from both sources?

Col. MARKS. No, sir; I was giving them as related to the maps of permanent value to the United States.

The CHAIRMAN. Then the \$107,000 comes from engineer operations in the field?

Col. MARKS. It comes from engineer operations in the field; yes, sir.

The CHAIRMAN. Why should it be charged with any expense incident to military map making inasmuch as you have a special appropriation for that purpose?

Col. MARKS. We were authorized to use that money for that purpose and it was the only way of carrying out our full program of the work.

The CHAIRMAN. I am not speaking of what is past. You used money out of the appropriation for operations in the field in connection with necessary operations of the engineers in the field?

Col. MARKS. Yes, sir.

The CHAIRMAN. You are now proposing to use \$107,000 to make payments to field parties engaged on mapping work and to office assistants engaged on mapping work in connection with military maps that have been made or will be made out of our special appropriation for military mapping—is not that true?

Col. MARKS. Yes, sir.

The CHAIRMAN. How are you going to get by the auditor with \$107,000 out of the operations in the field appropriation for doing work in connection with what has been specifically appropriated for?

Col. MARKS. There is an authorization in the appropriation for the use of the money for making military surveys.

The CHAIRMAN. I gathered from what you said that your only power to use moneys out of the appropriation for operations in the field was in connection with actual operations in the field.

Col. MARKS. The question came up and we put that interpretation on ourselves, that is, as being the most fair way to handle it.

The CHAIRMAN. You simply arbitrarily charged to the appropriation for operations in the field that map making which was incidental to operations?

Col. MARKS. Yes, sir.

The CHAIRMAN. And charged your permanent appropriation with the amount of money that went for making permanent military maps?

Col. MARKS. Yes, sir.

The CHAIRMAN. Then why should you now charge \$107,000 out of this appropriation for work in connection with military maps?

Gen. BLACK. We are not, unless you authorize it; we are putting it before you as being the proper thing to do.

The CHAIRMAN. We are neither authorizing nor forbidding; we are simply taking back moneys that are unnecessary.

Gen. BLACK. That is one use we would like to make of this money in order to carry on what we deem is necessary work, but if you forbid it it will not be done.

The CHAIRMAN. Presumably you expect to spend all the money you were given for military maps this year?

Col. MARKS. Yes, sir.

The CHAIRMAN. What will be your total expenditure for the year?

Col. MARKS. It would be \$850,000, plus this item of \$107,000 and plus those two special items which are also included in this item of engineer operations in the field.

The CHAIRMAN. It will practically be one million dollars' worth of work.

Col. MARKS. Yes, sir; or a little over that.

Gen. BLACK. In carrying out that program we would have to spend \$404,000 odd and we have not that much in the military maps' appropriation, and this \$107,000 will be necessary in order to carry out the work that we had laid out to do.

The CHAIRMAN. So that the effect of this is to enlarge by this sum of money the appropriation that Congress made for military mapping.

Gen. BLACK. Practically; yes, sir.

The CHAIRMAN. How much did you spend in 1918 for military mapping?

Col. MARKS. I have not those figures.

The CHAIRMAN. In round figures.

Col. MARKS. It was roughly \$700,000.

The CHAIRMAN. What have you done?

Col. MARKS. I have a map here which shows the work we have done this year.

Gen. BLACK. As I recollect, Mr. Sherley, the cost of the complete work, which is mainly done by the Geological Survey, is something between \$30 and \$35 a square mile. I think those figures are correct.

Mr. SMITH. I think so, and that includes some very detailed special maps, of course.

Col. MARKS. This area in red [indicating] is what we term first-class finished maps while the area in green is termed second-class finished maps, that is, they are useful but they are not accurate enough to rely on. These areas in yellow are some advance sheets which we have had compiled from all sources, from the Government, from the States, and private corporations, from which we have been

able to gather together data. The cross-hatched areas indicate the areas we are now working on and which are not finished and which we do not anticipate will be finished by the end of this calendar year. The areas which are outlined with the green line is the work which we have been engaged upon this year.

The CHAIRMAN. In order that the record may show something, you have apparently mapped the coast from Maine to Norfolk.

Col. MARKS. Yes, sir.

Gen. BLACK. This part, as you see, is entirely unmapped [indicating]. Along the Pacific coast you will see we are trying to do a lot of work along the Mexican border and on portions of the Pacific coast itself.

COST OF MILITARY MAPPING IN AMERICA.

The CHAIRMAN. What do you estimate it will cost to do all of the military mapping you want to do in America?

Col. MARKS. I am not prepared on that figure. It is so large that I have never tried to figure it.

The CHAIRMAN. If I understood you, it is estimated that with three and a half years' work you would do 120 miles along the borders.

Col. MARKS. About 100 miles along the borders.

The CHAIRMAN. That would include Canada as well as Mexico?

Col. MARKS. Yes, sir.

The CHAIRMAN. And that was at the rate of \$1,000,000 a year?

Col. MARKS. About \$1,000,000 a year.

The CHAIRMAN. So that with three and a half million dollars you would do the coasts and the Canadian and Mexican borders 100 miles deep?

Col. MARKS. That was the original estimate made.

The CHAIRMAN. Do you still stick to it?

Col. MARKS. I do not believe we can do it along the Canadian border for that money, but I think we can along the Mexican border.

The CHAIRMAN. Something has been said informally as to the advantage that would come in topographical map making by virtue of aerial photography. To what extent will that cheapen the work?

Col. MARKS. It is in an experimental stage at present and we have not been able to make any figures as to cost, but we anticipate it will make it much cheaper.

Gen. BLACK. Have you any idea of the percentage?

Col. MARKS. No, sir.

Gen. BLACK. Mr. Smith, have you any idea of the percentage?

Mr. SMITH. You see, it only affects a part of the work, the special shore line work, which is very expensive, and the traverse work, which is our most expensive work, so that of the total it would affect about one-third of the total amount of work, while of course in some areas it would cheapen more than one-third of the work.

The CHAIRMAN. Will it substitute at all?

Mr. SMITH. Oh, yes. You mean in toto?

The CHAIRMAN. I do not mean substitute in toto, but I mean will the photographic map be accepted as to any phase of the topographical map so as to eliminate topographical work, or will it simply enable that topographical work to be done cheaper?

Mr. SMITH. It will expedite it and cheapen it.

The CHAIRMAN. But you would in all instances check your photographic map?

Mr. SMITH. We would not check it, but we would have to furnish the control upon which to check it at the start. We would not, of course, do checking in the sense of going over the work.

The CHAIRMAN. As I understand, if you go on with this work at the rate you are going you will have this added expense by virtue of the fact that you have in the past been using men in the military service and will now use civilian employees.

Col. MARKS. Yes, sir.

The CHAIRMAN. And this is to pay those men who will be on a civilian basis in place of a military basis?

Col. MARKS. Yes, sir.

Gen. BLACK. It transfers their pay from one item of appropriation to the other.

PURCHASE OF AERIAL CARTOGRAPHIC EQUIPMENT.

The CHAIRMAN. The next seems to be for the purchase of aerial cartographic equipment, etc.

Gen. BLACK. That is just a part of the equipment.

Col. MARKS. That is the photographic equipment of which we have just been speaking.

PAYMENT OF LIBERTY LOAN AND OTHER ALLOTMENTS OF CIVILIAN CLERKS OVERSEAS.

The CHAIRMAN. For payment of Liberty loan and other allotments of civilian clerks overseas, \$40,000. I do not understand that.

Gen. BLACK. No, sir; you would not. A clerk has a certain fixed pay, that is, pay from this appropriation for operations in the field, and out of that he makes an allotment to his wife of so much and he makes a subscription to the Liberty loans of so much. When he is paid in France that amount is deducted; he is paid his full pay less that amount, and these amounts are paid on this side.

The CHAIRMAN. But you catch them over there.

Gen. BLACK. No, sir; he does not get any more pay at all.

The CHAIRMAN. No; but I mean that as a result of that the money that you have advanced overseas has been lessened by this amount.

Gen. BLACK. Yes, sir.

The CHAIRMAN. Then why should it be carried here?

Gen. BLACK. We have the money and we want to tell you what we want to spend the money for.

The CHAIRMAN. Has it not already gone into the pay of these clerks?

Gen. BLACK. No; it has not; because the amount we send overseas is less by that amount. If we did not pay this here they would have to pay it over there out of the allotments made, but that is not done.

The CHAIRMAN. Do you mean to say that your allotments over there have taken cognizance of this little item?

Gen. BLACK. Yes, sir.

Mr. MONDELL. During the war a very considerable portion of the topographic force of the Geological Survey went into the Army: What is to be the policy of the future as to that force? Do you intend to build up a topographic and map force in the Army or is it proposed to return to the former condition of affairs and leave this work to be performed by the Geological Survey?

Gen. BLACK. It is purposed to return to the former condition of affairs. We will have a certain part of the engineer forces trained for topographic work but it will not interfere with the work of the Geological Survey.

Mr. MONDELL. You are not proposing to build up any larger topographic force or map force than you have had in the past, except as it may be necessary in proportion to the size of your Army?

Gen. BLACK. That is correct, yes, sir.

Mr. MONDELL. And you do not propose to cover any more of the field in that class of work than you have in the past?

Gen. BLACK. We will, because there was almost none covered prior to the war.

Mr. MONDELL. What I mean is that in the past your topographic work and your mapping work has been work that could properly be held to be primarily military as distinguished from the general topographic and mapping work of the country.

Gen. BLACK. We do not propose to do anything but military topographic work.

Mr. MONDELL. You do not intend to go into new fields, other than those you occupied in that connection prior to the war?

Gen. BLACK. No, sir; not prior to the war, and that is a rather long story, but I can tell it to you in about five minutes. Wherever we could use the work of the Geological Survey as the basis to make our military maps, we did so; but the Geological Survey was engaged in mapping the interior to a great extent. Our military maps were required for the coast, and therefore we did some mapping where the area was not covered by the Geological Survey. Wherever we could get their survey maps, we took them and they worked with us, since the war began, or in 1916, before the war began.

Mr. MONDELL. You do not anticipate then building up a bureau, to any great extent, to do any mapping.

Gen. BLACK. Nothing to interfere with the work of the Geological Survey.

Mr. MONDELL. Or in anticipation of their work?

Gen. BLACK. No, sir. We are not intending to take away Mr. Smith's work at all. We do not want to make any more military surveys than are necessary for military work.

Mr. Sisson. General, have you done more of this character of work since war broke than you did prior to that time?

Gen. BLACK. Yes, sir; because up to 1916 the military mapping of our country was more or less farcical, and I came before Congress and made an exhibit of the sorry condition we were in. We were trying to get up plans for the defense of our coast and so forth, and I showed them the situation and they immediately increased the appropriation in 1916 very materially.

Mr. Sisson. Has it been increased since then?

Gen. BLACK. Yes, sir; it was made much larger in 1917 and 1918.

Mr. Sisson. I was wondering the justification for that when we were endeavoring to get every dollar we could for overseas and everybody was trying to economize in every way here.

Gen. BLACK. The justification is just this: It was one of the important things where we were caught unprepared. We have paid enormously in blood and treasure for unpreparedness, and whether we are going to have another war or whether we are not going to have another war is something no man knows. We are going to take every precaution we can to prevent war in every way possible, but in the meantime the best way to prevent war is to be prepared for it.

ENGINEER TRAINING OF INFANTRY DIVISIONS.

(See p. 296.)

The CHAIRMAN. You have estimated \$225,000 for engineer training of Ninth and Twentieth Infantry Divisions.

Gen. BLACK. That is for the divisions now in this country that are not to be discharged.

The CHAIRMAN. You do not figure that for the entire year?

Gen. BLACK. That is figured on the basis of from now until the 30th of June.

Col. CRESS. We start out with an allowance of \$15,000 per division for the first four months, \$2,000 per month for each division thereafter. This is figured from the date of the organization of the division.

The CHAIRMAN. It seems to me that what you ought to do is to figure how many men you will have as of the 1st of December, and how many men you are going to have the 1st of July, and then strike a weighted average of men to run you through.

Gen. BLACK. I do not know how many we had the 1st of December, and there is no possible way of knowing how many we will have the 1st of July, because these are the National Army divisions. There are no regular divisions in this country at all. They will be held or will not be held, according to the march of events in Europe. They have not yet been ordered disbanded. This is the amount needed if they are carried on until the 30th of June.

The CHAIRMAN. At present full strength?

Gen. BLACK. Yes; it costs about the same whether it is the full strength or not for this kind of training. I believe that will not all be used. I believe there will only be a fraction of it used, but how large or how small a one I do not know. I have no means of knowing, and there is no possibility of anybody knowing it now.

ENGINEER TRAINING AT INFANTRY SCHOOL, COLUMBUS, GA.

(See p. 296.)

The CHAIRMAN. Engineer training at infantry school of arms, Columbus, Ga., \$100,000.

Gen. BLACK. As I told you this morning, that is for the engineer equipment that we are ordered to get. We send the requisitions in to the Division of Purchases, and we were ordered to allot \$100,000 for that.

SUPPLY AND ENGINEER TRAINING OF SPECIAL UNITS.

The CHAIRMAN. Then you have an item of \$2,000,000 for expenses of supply and engineer training of special units. Is that in this country or overseas?

Gen. BLACK. That is in this country, and how much of that will be needed, I have no idea.

EXPENSES OF DEMOBILIZATION.

(See p. 297.)

The CHAIRMAN. Then you have an item of \$2,000,000 for expenses of demobilization.

Gen. BLACK. That I do not know. It is purely a guess.

OPERATION OF CENTRAL PHOTOGRAPHIC LABORATORY, ETC., WASHINGTON BARRACKS.

(See p. 297.)

The CHAIRMAN. Then you have an item of \$71,030 for operation of central photographic laboratory, military trade schools, etc.

Col. CRESS. There is a military trade school being conducted at Washington Barracks and as adjuncts to the plan down there, there is a central photographic laboratory at the central map reproduction plant. The trade schools have carried on and are being prepared to carry on the instruction of engineer soldiers in the various trades, which is repair of automobiles and plumbing and blacksmithing, machining, etc.

Gen. BLACK. Incidentally, I might say that we have been pronounced to have had the very best school in acetylene welding that there is in this country.

Col. CRESS. The photographic laboratory is engaged in work in connection with the preparation of photographs which are needed in engineer training, in certain development work of engineer equipment and in the work of the photographic section in connection with military surveys. We make an effort to separate the amounts and charge them to the proper appropriation.

The CHAIRMAN. General, as we pick up these various details, I am impressed with the fact that apparently your estimate of expenditures is on the assumption that you are going right ahead through the fiscal year here at home without regard to the fact that we are no longer at war; in other words, it seems to me that all these schools ought to quit.

Gen. BLACK. They did not quit in time of peace, Mr. Sherley.

The CHAIRMAN. You have spent no such amounts as these in times of peace?

Gen. BLACK. We spent quite a good deal of money in times of peace on these things, although I have not the appropriations here with me. The Army is larger now and we go right on with our training just the same as we have always done; and we have got to do that.

The CHAIRMAN. I do not quite see it. Every corps in the Army is going to have a trained personnel very much in excess of the number of men it will have in an army of 500,000 men.

Gen. BLACK. Every man in the Army has the right to claim his discharge, Mr. Sherley. There are very few enlistments that extend beyond the war.

The CHAIRMAN. That may be, but a certain percentage are going to remain, and these men you are training have equally the right to quit.

Gen. BLACK. Yes; they have the right to quit and then they go out into civil life that much better off, and, in the meantime, if we need them we have them. The war is not over. Whether it will be over or not, I hope to God it will, but I do not know.

The CHAIRMAN. In view of what you have testified to before, I do not know that there is any value in taking up the further details of this estimate.

Gen. BLACK. There are one or two things that I would like very much to bring out. I can assure you gentlemen that these schools will be carried on exactly as they were before the war, in the same trades and with the same means, and if the number of men does not warrant it, there will not be these expenditures made, and if the number of men does warrant it, they will be made, and that is all I can say. I would hope with this total amount to have a substantial balance to return to the Treasury, but how much that balance will be I do not know. We are coming here with our cards down on the table. We are furnishing you with the totals of what we want to spend, and the details of what we want to spend it for. There is nothing hidden about it, and we simply ask to keep that much of the money so as to be sure.

The CHAIRMAN. General, I do not want to be misunderstood, and what I said informally I will say for the record: Unless the character of this proposed bill changes, what we fail to cover back into the Treasury is in no sense an indication of the approval by the committee of the expenditures that shall be made out of it, because it is perfectly manifest to you, as it is to every one conversant with the subject, that this committee cannot undertake within the limited period at its disposal to go into the question of the wisdom of the expenditures in all of the various bureaus of the Department. Your own case is illustrative of this fact: There are items here that involve questions of expenditure that may or may not be wise, and about which the committee is expressing no opinion; so that, in the event that the committee does not take moneys to such a degree as to prevent the doing of those things, it is not to be considered that it approves the doing of them. It simply means that it is a matter about which the committee in its action on this bill has not functioned.

Gen. BLACK. But you would prefer, of course, that we tell you what we want to use the money for, rather than have us going ahead in the dark and spending it. I do not want to do anything in the dark without the knowledge of Congress. If I propose to spend any money anywhere, I want Congress to know what it is for.

DEVELOPMENT WORK IN CAMOUFLAGE.

Now, take this development work in camouflage. Camouflage is one of the oldest of the arts of war, but it has never been carried to a degree like at present. We have gotten to the point now where we are almost alright in that respect, but the last word we had from France was to this effect: "Can you not furnish us some kind of paint in brown, ochre, red, blue, or green that will not fade?" This development work is simply to keep the men who are at work on this art and know it, and who have gone thus far with it, occupied further so as to try to get something permanent out of the lessons of the war. These men are, almost without exception, men who have been given these temporary commissions, and if they go back to private life we will have to keep a few experts in that art. We will have to keep a paint expert, for instance, and we must pay him according to the civilian value. What I have asked for here is \$7,900, and it is simply to keep the lessons of the war and make them permanent. It is not to go beyond that. We have gotten to a certain point now in that. We have learned a whole lot about it, and it is a pity to lose it.

As to the next two items, Gen. Goethals will have to tell you about them. The first one relates to the operations of the engineer depot at Hoboken, and the next is the office expenses of Machinery and Engineering Materials Division, chargeable to engineer appropriations. Gen. Goethals can explain those two items.

MISCELLANEOUS ITEMS.

The item of miscellaneous is the next, and Col. Cress can give the details.

Col. CRESS. The item of miscellaneous covers the following items: Allotments since October 31, and for which no information as to balances is available, because we did not have the reports on hand and did not have time enough in collecting the data to get the reports, are as follows:

Operation of embarkation depot at Hoboken, \$450,000; that is storage.

The next is engineer instruction of Eighteenth Division, \$10,000.

The next is repairs to *Pontonier*, which is a small boat we have, \$1,500.

The next is for the development at the engineer school, Washington Barracks, of a device for making relief maps, \$1,705. Relief maps are a new item.

Gen. BLACK. That is somewhat the same kind of improvement that the camera is. One of our reserve officers got up a process that that is a great deal better than any heretofore employed for making relief maps, and this is simply for the development of that process and trying to get practical things.

Col. CRESS. The next item is fitting up and equipping a central photographic laboratory at Washington Barracks, \$46,400.

The next is purchase of a Bagley cartograph and equipment, \$4,000. Those are cameras used for aerial photography.

The next is for miscellaneous purchases of the director general of the military railways, \$2,000.

The balances of allotments which are not actually obligated but which will be required, are as follows:

Operation of subdepots and instruction of troops, \$162,337.69; operation of embarkation depots, \$914,770.91; and then for miscellaneous, \$61,824.59.

The next is reimbursements to appropriation for "engineer school" and "military surveys and maps" for work performed at engineer school at expense of these appropriations which is properly chargeable to "engineer operations in the field," \$46,462.37. Then there is an item of unforeseen contingencies amounting to \$298,999.44, making a total of \$2,000,000.

The following is the basis of the item of \$2,000,000 for "Miscellaneous" given under the heading "Anticipated requirements during the remainder of the current fiscal year" under the appropriation "Engineer operations in the field, 1919:"

Allotments since October 31 and for which no information

as to balances is available:

Operation of embarkation depot, Hoboken.....	\$450,000.00	
Engineer instruction of Eighteenth Division.....	10,000.00	
Repairs to <i>Pontonier</i>	1,500.00	
Construction at Engineer School, Washington Barracks, of unit for making relief map.....	1,705.00	
Fitting up and equipping central photographic laboratory, Washington Barracks.....	46,400.00	
Purchase of Bagley cartographs and equipment.....	4,000.00	
Miscellaneous purchases of the director general of military railways.....	2,000.00	
		\$515,605.00

Balances of allotments which are not actually obligated but which will be required:

Operation of subdepots and instruction of troops.....	162,337.69	
Operation of Embarkation depots.....	914,770.91	
Miscellaneous.....	61,824.59	
		1,138,933.19

Reimbursement to appropriations for "Engineer School" and "Military surveys and maps" for work performed at Engineer School at expense of these appropriations but which is properly chargeable to "Engineer operations in the field".....

46,462.37

Unforeseen contingencies.....

298,999.44

2,000,000.00

W. M. BLACK,
Major General, Chief of Engineers.
By J. B. CRESS,
Lieutenant Colonel of Engineers.

The CHAIRMAN. General, the Aviation Service does a great deal of photographic work?

Gen. BLACK. Yes, sir.

The CHAIRMAN. What is the line of distinction between the work that they do and the work you are doing?

Gen. BLACK. They do not do photographic mapping. They do the photographic work for the location of the military works that are made. For example, we had over there on the other side maps of the German positions. The aerial photographer goes over them at any elevation he can and takes photographs, and they are compared carefully with the maps we have, and if any new constructions are found they are put on the maps. Then the next time they go over i

they make another photograph, and whenever he sees anything new, it is put on the map. Those are small photographs, and the information from them is put down on the maps. For example, they were able to discover a camouflaged German battery by the marks made on the ground by two soldiers who walked through a field of high grass. They saw those marks leading to something. Then upon looking at it carefully they found in the photograph a little queer-ness, or something a little different from the last photograph taken of that ground, and they found that it was a camouflaged battery. That is the kind of thing they are doing.

The CHAIRMAN. The Aviation Service is doing a lot of experimental or development work in photography.

Gen. BLACK. I dare say they are, but I do not know. There is a plenty to be done.

The CHAIRMAN. And I was wondering how far they are covering your field.

Gen. BLACK. They should not be covering it at all, and I doubt if they are. To show you what these needs are, I have loaned to the Navy for two or three days at a time one of my expert photographers. The job of that expert photographer was to try to photograph the operation of a submarine or of submerged bombs. The difficulty was that in order to do that the man had to go up to a very great height, and then the airplane had to drop vertically, so that he had to practically stand on his head in the air while taking the photograph. I understand that he finally succeeded in getting a lot of plates showing the operation of submarines and the exact operations of the submerged bomb. That is not our work, but ours is just plain survey work.

ENGINEER EQUIPMENT OF TROOPS.

The next is development work under "engineer equipment of troops." The first one is the development of pontoon and bridge, \$31,000. As our old pontoon bridge was too light to carry the heavy loads now required, we have been working on plans for strengthening it, and have partly worked it out. We have also had to work out over in the field in France a very light footbridge. I want to get this amount of \$31,000 for continuing that work so as to get the benefit of the experience of the war.

SEARCHLIGHTS.

The next item is searchlights, \$350,000. As I told you, we have just succeeded in getting this searchlight, and we want to continue that work. They are under tests now, and there are some processes that are not altogether fixed as yet. For example, it is a very important thing to get rid of the use of glass in the searchlights, because it is heavy and very fragile. We have started a process which shows great promise of success in doing that. They take the usual glass reflector which has to be ground very carefully, and it can be done by very few people. That is silvered over, and then a metal backing is put to that, and then air is forced in between the glass and the silver and the silver transferred to the metal backing. They have gone far enough to show that it is a practicable thing in that way to get a metal mirror, and then that glass can be used over

again, but we have not gone far enough to get that metal mirror in the best shape so that it will not distort, and we are working on that. There are three firms in the United States now that can make a glass mirror, but if we get these improvements we can have 20 firms manufacturing searchlight mirrors. I would like to finish that work up.

SOUND RANGING.

The next item is sound ranging, \$12,000. We have about the best sound-ranging devices, but they are not yet complete, and I would like to finish that development work.

SAPPER AND TRAIN EQUIPMENT.

The next is sapper and train equipment, \$7,500. We have not yet got the best kind of tool wagon, and we want to develop two or three small items under that. We have got this experience from the war, and we want to put it to some account.

In this development work, there is involved the change from military to civil status, because a great deal of this work has been done by men who came into the army under emergency commissions. They are going out, and we want to continue the work with those men and pay them on a civilian basis. The sound-ranging work, particularly, was done by experts from Princeton, and they are very fine physicists. It is a difficult work, and we would like to have the man who is in charge of that to continue that development work.

MAINTENANCE OF ELECTRICAL EQUIPMENT, ETC.

The next item here is maintenance of electrical equipment and searchlights and sound-ranging equipment, \$100,000, and there is an item of \$50,000 for fabrication and maintenance of pontoon and other engineer equipment at depots throughout this country and the insular possessions. The next item is miscellaneous, \$75,000, and that is to cover unforeseen requirements.

WEDNESDAY, DECEMBER 11, 1918.

CHEMICAL WARFARE SERVICE.

STATEMENTS OF MAJ. GEN. W. L. SIBERT AND MAJ. C. C. COOMBS, OF THE CHEMICAL WARFARE SERVICE, AND BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS.

GENERAL STATEMENT.

(See p. 339.)

The CHAIRMAN. General, you have had for the Chemical Warfare Service \$307,058,475.35 and you have spent as of December 1 \$50,238,345.37.

Gen. SIBERT. We have actually disbursed that much, yes, sir.

The CHAIRMAN. So that the differences between the first figure and the other one would indicate the Treasury balance as of December 1.

Gen SIBERT. Yes, sir.

The CHAIRMAN. Now, to what extent is that Treasury balance obligated?

Gen. SIBERT. \$107,582,575.03.

The CHAIRMAN. So that if those unpaid obligations should be paid, it would leave a free balance in the Treasury of \$149,237,554.95.

Gen. SIBERT. Yes.

Mr. EAGAN. As of December 1?

Gen. SIBERT. Yes; making no provision for future expenses.

The CHAIRMAN. Of these unpaid obligations, to what extent, if any, will you be able to relieve the Government of them?

Gen. SIBERT. At least \$37,177,110.49. That is the estimated saving on existing obligations.

The CHAIRMAN. So that you really estimate that in order to pay all obligations existing as of December 1 you will need \$70,405,464.54?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. So that you would have expended as of December 1, if everything were current, one hundred and twenty-odd million dollars?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. That would leave you then about \$180,000,000 under these appropriations?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. How much of that money do you consider necessary to carry you through?

Gen. SIBERT. \$2,482,000 is the amount we have estimated.

The CHAIRMAN. That would indicate then that you were going to turn back into the Treasury \$178,000,000.

Gen. SIBERT. \$183,000,000 is the amount. That statement you have there is wrong by \$6,000,000 and odd dollars; that is, you have included the overdraft twice; \$183,932,000 is the correct amount.

Col. WOLFE. The estimated additional cash needed to be met was stated as \$9,137,000.

Gen. SIBERT. That is an error.

Col. WOLFE. That was the estimated additional cash needed for the following purposes: To pay deficiencies in your medical and hospital department appropriation, \$6,525,000, and your deficiency in the ordnance service of \$118,022, and in repair of arsenals, \$12,921.

Gen. SIBERT. Yes; but those amounts were included in the unpaid obligations which have already gone into that account; in other words, you have included that \$6,000,000 twice.

Col. WOLFE. Then apparently you need \$2,482,054.78?

Gen. SIBERT. Yes; and that is included also, so that the balance of \$183,932,000 is the net amount we can turn into the Treasury.

The CHAIRMAN. Then the real inquiry of your statement comes down to this: Of the \$107,582,575 of estimated unpaid obligations as of December 1, how far can the Government be relieved of them?

Gen. SIBERT. Our estimate, and of course it is an estimate, is that we can be relieved of them to the extent of \$37,177,000.

The CHAIRMAN. Now, I want to check that up to see whether or not there are not some of those obligations that it is unnecessary to have to meet. This one hundred and seven and a half million dollars in round figures seems to be divided under the various acts from which you have received it. Have you got it divided as to the character of matériel and expenditures that it was to go for?

Gen. SIBERT. Unpaid obligations as of December 1, \$107,582,000, made up as follows: Manufacture of gas masks and other protective equipment, and administrative expenses in connection therewith, \$59,475,331.72. Those are all contracts.

The CHAIRMAN. How much of those obligations do you expect to get rid of, or on what basis have you made your estimate?

Gen. SIBERT. We have assumed that we could get rid of 35 per cent. Our preliminary investigations indicate that we can safely say that we can get rid of 35 per cent.

GAS MASKS.

The CHAIRMAN. Let us get, General, at your policy. I assume, of course, that you are stopping the making of any gas masks whatever, as far as the physical condition of manufacture permits?

Gen. SIBERT. The policy we adopted was this: We canceled all contracts that we could immediately when the armistice was declared. We had, of course, gas masks in various stages of completion, some of them practically completed, material that nothing else could be done with, and we decided to let our business dwindle off to nothing by the end of this month, which would result in the making of about 350,000 gas masks.

The CHAIRMAN. The point is that you use that labor in making an article which in all human probability you will never have any use for?

Gen. SIBERT. Of course, the armistice is not the end of the war. The Government practically lost nothing by that. You can not shut down a big thing in a minute.

The CHAIRMAN. I do not know what you mean by "you can not shut down a big thing in a minute." You can stop in a minute the doing of a thing that uses labor unproductively?

Gen. SIBERT. Of course. We were instructed in the beginning to make our reduction after consultation with the labor commission. In other words, we were to try to produce as little disturbance in the labor market as possible, close out our things and give the people an opportunity to get a place.

The CHAIRMAN. General, the report of the Labor Bureau shows that there is practically in every part of America a shortage of labor and that private industries are simply waiting for the Government to take its hands off of labor in order to resume the production of things that are of value?

Gen. SIBERT. That is true.

The CHAIRMAN. If that be so, should we continue to produce things that nobody is going to want and that you will have to store after you get?

Gen. SIBERT. We are producing very little.

The CHAIRMAN. You are producing 350,000 gas masks?

Gen. SIBERT. That were essentially completed already; that is, almost completed. It was simply a question of putting them together and cleaning up the job.

The CHAIRMAN. How long will you be engaged in assembling and building gas masks?

Gen. SIBERT. I do not know whether we are through now or not. We are pretty close to it. There is a certain amount of material

that is essentially completed which we are putting together. We decided that we would stop there and clean up everything by the end of this month.

The CHAIRMAN. You are going ahead for over two weeks more to make gas masks and to assemble them?

Gen. SIBERT. If there are some there that we think need to be put together, yes.

The CHAIRMAN. Do you think that is a profitable business?

Gen. SIBERT. I think it would be better to store the gas masks completed than it would be to try to get rid of the component parts. We might need them again.

The CHAIRMAN. How many gas masks have you now?

Gen. SIBERT. We will have more than a million gas masks, including those in storage in France and other places. I cannot give you the number exactly. We will have more than that.

The CHAIRMAN. Do you think the risk of the need is sufficient in view of that fact to warrant you in going ahead and assembling 350,000 gas masks?

Gen. SIBERT. I would rather assemble them than to throw the pieces away.

The CHAIRMAN. Why not save the labor cost?

Gen. SIBERT. I would rather store the masks.

The CHAIRMAN. Would you not have to spend more than the goods are worth?

Gen. SIBERT. We do not spend very much on it. The work is essentially completed. It is just a question of whether we should put the things together or throw them away.

The CHAIRMAN. How much of the \$59,000,000 are you going to save in connection with the gas masks? I think you suggested 35 per cent.

Gen. SIBERT. \$17,449,000. We will probably save more. That is the way we have estimated.

The CHAIRMAN. Of course, you do not mean that \$32,000,000 is going to be expended in the sense of going on with the work; but you mean there is certain work finished, the obligations for which have to be paid?

Gen. SIBERT. That is material already delivered or manufactured.

The CHAIRMAN. How much of the \$59,000,000 is of that character of absolutely determined liability? I want to see just what amount of money you can exercise any salvage on.

Gen. SIBERT. That is a pure guess. We have these contracts, and our people have estimated that in taking out all that they could take out under the contracts that we would save from 35 to 50 per cent. We put it down here at 35 per cent.

The CHAIRMAN. You know apparently how much your contracts call for?

Gen. SIBERT. They call for the expenditure of that amount of money.

The CHAIRMAN. No; because there is a lot of work you are doing yourselves and paying for, and the assembling of parts that are furnished for which you have no contracts at all. I am talking of contracts that you have with third parties.

Gen. SIBERT. Those are all contracts that I am speaking of.

The CHAIRMAN. Not the total of \$59,000,000?

Gen. SIBERT. They are unpaid obligations.

The CHAIRMAN. But that does not mean a contract. You are figuring as an unpaid obligation what it is costing you to run this plant. I do not call that a contract.

Gen. SIBERT. Neither do I. These are unpaid obligations; that is, obligations already existing.

The CHAIRMAN. Do you not manufacture a great many of the masks?

Gen. SIBERT. We manufacture all of them, practically.

The CHAIRMAN. Does not the \$59,000,000 represent your total gas-mask obligations of all kinds?

Gen. SIBERT. It might include some unpaid pay roll already earned. It is not a future expense, not already provided for; it is a contract or an expense already incurred. This \$59,000,000 includes \$27,422,575 of interbureau purchases. That is, they are requisitions that we make on supply bureaus to furnish us with such and such things, and we consider that whenever we make an order on a bureau that it is an obligation. Gas defense, \$28,221,848.78. Those are contracts that have already been made for material in connection with the gas-defense work other than we get from the interbureau purchases. Yet to be incurred—that is where I was wrong—\$4,200,000.

The CHAIRMAN. The \$27,000,000 which you expected to get from other bureaus of the Government—

Gen. SIBERT (interposing). That is, we made requisitions on them to purchase certain material, and they have contracted for them.

The CHAIRMAN. Have you ascertained to what extent they have made those purchases and to the extent that they have bound the Government?

Gen. SIBERT. Not to that extent. These things are so indeterminate that we have assumed 35 per cent of that amount could be saved and maybe more.

The CHAIRMAN. What is the character of those purchases?

Gen. SIBERT. Cloth and duck.

The CHAIRMAN. The quartermaster ought to be able to tell you about that.

Gen. WOOD. What is it?

Gen. SIBERT. Mostly all cotton goods.

Gen. WOOD. On cotton goods you can get out, that is, 75 per cent. I mean you will only lose about 25 per cent. Cotton goods has been the easiest thing we have to deal with.

WAR DEPARTMENT,
OFFICE OF THE DIRECTOR OF PURCHASE AND STORAGE,
Washington, December 30, 1918.

From: Lieut. Col. W. W. Coriell, Chief Cotton Goods Subdivision, Clothing and Equipment Division, Room 3042.

To: Mr. Robert J. Thorne, Assistant Director of Purchase and Storage, Room 2002.

Subject: Chemical Warfare Service Purchase Orders with Clothing and Equipment Division.

1. Attached for your information is a complete list of interbureau requisitions, which shows a total of about \$20,000,000. This list includes only requisitions for the Clothing and Equipage Division and does not include requisitions for any of the other divisions.

2. Inasmuch as Gen. Sibert testified that the \$27,000,000 referred to represented largely cotton goods, it is evident that the amount to be saved (\$20,000,000) is overestimated.

3. Also forwarded for your information is memorandum from the production and inspection branch of the cotton goods subdivision, which subdivision held over 90 per cent of the orders received by the Clothing and Equipage Division. This memorandum shows that a saving of not more than \$14,500,000 could be expected in adjustment of the Chemical Warfare Service orders.

4. It is possible that Gen. Sibert had in mind including the salvage value to be obtained by the disposal of materials previously delivered and now in the hands of the Chemical Warfare Service.

By authority of Director of Purchase.

CLOTHING AND EQUIPAGE DIVISION,
By W. W. CORIELL,
*Lieutenant Colonel, Quartermaster Corps,
Chief Cotton Goods Subdivision.*

Gen. LORD: Returned \$14,500,000 is estimate, according to records attached, of saving on Chemical Warfare cotton interbureau requisitions.

ROBT. J. THORNE.

WAR DEPARTMENT,
OFFICE OF THE DIRECTOR OF PURCHASE AND STORAGE,
Washington, December 28, 1918.

From: Capt. Robt. F. Bowe, Chief, Production and Inspection Branch.

To: Col. Coriell, Chief, Cotton Goods Subdivision.

Subject: Value of undelivered balances on contracts and requisitions for chemical Warfare Division.

1. In compliance with your request, we have checked our records, and report the following as of December 21, 1918. It should be borne in mind that our records of shipments on contracts are only approximately correct as of the date indicated, but we submit the following figures for your information:

Total value of undelivered balances on contracts.....	\$4, 907, 336. 00
Estimated value of portion of above that will be terminated, say one-third.....	1, 636, 000. 00
Estimated salvage from portion of above that is finished and yet to be delivered, say 75 per cent on two-thirds, about.....	2, 454, 000. 00
Cotton goods (including webbing) requisitioned by the Chemical Warfare Service, and against which no purchases have been made, approximately.....	10, 306, 454. 00
Total.....	14, 396, 454. 00

PRODUCTION AND INSPECTION BRANCH,
By ROBT. F. BOWE,
Captain, Quartermaster Corps, Chief of Branch.

Chemical Warfare Service.

No.	Article.	Q. C. P.	Estimated price.
G. P. 1.....	4,000,000 yards 2-inch O. D. webbing.....	10	\$360,000.00
G. P. 3.....	50,000 yards 40-inch enameling duck.....	9	25,000.00
G. P. 4.....	5,000,000 wipers.....	14	375,000.00
G. P. 7.....	5,000 yards 86-inch enameling duck.....	165	3,400.00
G. P. 10.....	195,000 cotton blankets.....	370	908,750.00
G. P. 11.....	250,000 yards 40-inch enameling duck.....	371	112,500.00
G. P. 13.....	100,000 square yards 24-inch Terry cloth.....	1017	41,250.00
G. P. 14.....	800 yards 31-inch cheesecloth.....	572	118.00
G. P. 15.....	Nonelastic webbing.....	1020	3,652.00
G. P. 16.....	70,000.....		
G. P. 17.....	Cheesecloth.....	1022	281,750.00
G. P. 18.....	Cotton sheeting.....	1023	888.00
G. P. 20.....	14-inch gray webbing.....	1142	8,850.00
G. P. 21.....	No. 8 duck.....	1145	28,813.75
W. 24.....	Underclothing.....	1160	1,100.00
W. 27.....	Duck.....	1165	180.00
W. 39.....	No. 6 duck, 40-inch.....	1305	51,807.00
W. 39.....	Socks.....	1161	760.00
W. 176.....	14-inch O. D. webbing.....	1740	3,045.00
W. 209.....	No. 8 duck, 40-inch.....	1849	314,624.99
W. 210.....	14-inch O. D. webbing.....	1850	92,064.60
W. 246.....	2-inch jute webbing.....	1919	19,656.00
W. 247.....	Burlap, 431-inch, 19-ounce.....	1913	216,320.00
W. 212.....	Cheesecloth, 31-inch.....	1847	1,331,050.00

Chemical Warfare Service—Continued.

No.	Article.	Q. C. P.	Estimated price.
W. 211	Burlap, 40-inch	1848	\$53,312.00
W. 213	11-inch gray webbing	1912	39,150.00
W. 236	2-inch O. D. webbing	1922	3,900.00
W. 238	1-inch O. D. webbing	1923	807,500.00
W. 244	12.8-ounce duck	1920	8,125,000.00
W. 243	Print cloth, 72 by 76	1911	68,800.00
W. 262	Cheese cloth, 36-inch	1989	1,222.50
W. 274	Muslin, 36-inch	2004	2,000.00
W. 73	6-ounce canvas	1370	500.00
W. 293	12.8-inch O. D. duck	2050	19,500.00
W. 292	Cotton sheeting, 40-inch	2051	120,000.00
W. 77	14-inch O. D. webbing	1337	15,370.00
W. 81	2-inch jute webbing	1441	4,131.00
W. 85	12.8-inch O. D. duck	1484	3,150,075.00
W. 230	Cotton sheeting, 40-inch	2052	205,000.00
W. 95	1-bolt cheese cloth	1449	2.50
W. 327	1-inch black tape	2377	23,437.50
W. 128	Towels	1544	90.00
W. 129	Cheese cloth	1545	17.00
W. 162	Burlap, 43½-inch	1068	49,280.00
W. 160	Burlap, 40-inch	1699	11,200.00
Q. 169	Canvas belt	1737	700.00
Q. 174	1½-inch white webbing	1722	11,666.67
Q. 178	14-inch O. D. webbing	1741	510,000.00
Q. 190	16-ounce canvas, 36-inch	1758	5.00
Q. 323	1-inch O. D. braid	2484	33,333.00
Q. 329	1-inch webbing	2487	3,735.00
Q. 330	Paper (Kraft)	2485	232.50
Q. 339	51-inch enameling duck	2694	766.80
Q. 349	Towels	2797	750.00
Q. 358	Print cloth	1442	60,000.00
Q. 383	No. 8 duck	1638	57,313.75
Q. 384	2-inch jute webbing	1634	5,238.00
Q. 385	14-inch O. D. webbing	1639	31,385.40
Q. 388	Burlap, 40-inch	1636	3,808.00
Q. 390	14-inch webbing	1635	125,700.00
Q. 452	Gas-mask wipers	1765	60,000.00
Q. 454	Cotton braid, 1-inch	1777	201,600.00
Q. 459	1-inch nonelastic braid	1799	90,000.00
Q. 463	Dugout blankets	1791	440,903.70
Total, cotton goods			18,535,597.66
OTHER ITEMS.			
W. 156	Gum boots and buckle gaiters	1676	322.00
G. D. 16	8-ounce felt	1021	47,600.00
W. 30	Fatigue hats	1162	200.00
W. 32	Rubber boots, hip	1164	6,000.00
W. 94a	Jumpers and overalls	1523	300.00
W. 138	Felt	1583	18,900.00
W. 163	Canvas gloves	1738	200.00
W. 167	Leather gloves	1746	1,000.00
W. 185	Leather belting	1757	986.00
W. 232	Jumpers and overalls	1886	1,000.00
W. 345	Felt	2799	4,200.00
W. 346	do.	2800	132,300.00
W. 237	do.	1910	27,000.00
W. 260	Canvas gloves	1969	360.00
W. 294	Leather belting	2112	250.00
W. 347	Sheet, felt	2801	8,325.00
W. 425	Rubber gloves	1730	3,000.00
W. 433	Canvas gloves	1731	1,558.44
W. 387	Leather knapsack strap	1641	7,425.41
W. 389	Leather reinforcing patches	1640	343.75
W. 231	Overall suits	11163	1,000.00
W. 409	Operators' aprons	1655	10,852.60
W. 413	1-inch webbing	1693	108.50
W. 448	1-inch black braid	1754	32,500.00
W. 445	31-inch cheese cloth	1749	253,400.00
W. 444	1-inch cotton tape	1738	61,875.00
W. 443	38-inch enameling duck	1737	175,000.00
W. 471	Dispatch bags	1850	750.00
W. 487	Cotton sheeting	1841	440,750.00
W. 206a	Knapsack straps	1463	122,112.00
W. 207	Leather reinforcing patches	1465	6,558.75
W. 119	Leather straps	1439	25,518.80
Total			19,927,293.94
W. 24	1-inch webbing	1263	No price.

1 Clothing and equipage.

2 V. H.

The CHAIRMAN. Do you know to what extent the \$27,000,000 is represented by cotton goods?

Gen. SIBERT. It is largely represented by cloth and duck.

The CHAIRMAN. In that case the quartermaster buys the goods and you actually manufacture it?

Gen. SIBERT. He furnishes us with the goods.

The CHAIRMAN. And you do the cutting and the manufacturing?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. You, of course, do not propose to take cotton duck now and cut it up?

Gen. SIBERT. No.

Gen. WOOD. As a matter of fact, we will not have to take any cotton duck to speak of. We are doing better on cotton goods than almost anything else, because there is a market. Say about 25 per cent.

The CHAIRMAN. Twenty-five per cent would be nearly \$7,000,000. There would be \$20,000,000 saved there.

Gen. WOOD. Of course, that is an exceptionally favorable case.

Gen. SIBERT. That would be true of all stuff under this contract that has not yet reached our plant at all or reached any subcontractor, where it had begun to be cut to pieces. A lot of it has reached that stage.

The CHAIRMAN. Do you know how much?

Gen. SIBERT. No; but a lot of it.

The CHAIRMAN. When it has reached that stage, have you not issued orders to all of these subcontractors to cease to cut it up?

Gen. SIBERT. Every one. We issued orders on the day of the armistice practically stopping all of that work, but a lot was cut up. We were spending money at the rate of about a million dollars a day, and when you come to round up all that stuff there is going to be a good deal of it that will not be sold. Consequently, nobody can do anything but estimate the saving. We estimated that we would save 35 per cent on those contracts.

The CHAIRMAN. I think you were conservative.

Gen. SIBERT. I think so too.

Mr. VARE. Have all the supplies been stopped?

Gen. SIBERT. Yes, sir; we stopped all the contracts.

Mr. VARE. All supplies have been stopped?

Gen. SIBERT. All contracts. A great many of the contracts contained a provision that we could stop them by giving the contractor 15 days' notice. We drew the contracts as favorable to the Government as we could. Just as soon as the armistice was declared we called up by phone every one of the contractors and asked them if they wanted to take advantage of the 15 days' provision in the contract. Some of them said they did not. We immediately closed out with everyone that wanted to and we closed out with the others, expecting to get some sort of a settlement on the 15 days' clause.

Mr. VARE. I have in mind a factory which has been furnishing the unbreakable glass for the masks. They have absolutely closed up their business. I want to know whether that same rule applied to all the various branches.

Gen. SIBERT. Yes, sir. We wanted to get from them a statement, if they would make it, whether they wanted to take advantage of the 15-day clause in the contract. If we got such a statement, we

closed the contract. If they wanted to take advantage of the 15-day clause, we asked them to suspend work and that we would adjust the question as to what our obligations should be on account of the work so suspended.

The CHAIRMAN. What means do you take to see that the suspension of the work is actually complied with?

Gen. SIBERT. We have our inspectors at all of these works.

The CHAIRMAN. And they immediately report?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. You have \$28,000,000 that represents material contracts other than those which you have with other branches of the Government?

Gen. SIBERT. Yes, sir; \$27,500,000, approximately, with other supply departments and \$28,000,000 on our own account.

The CHAIRMAN. Of the \$28,000,000 you estimate 35 per cent?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. Is that another evidence of conservatism?

Gen. SIBERT. Well, I think we are conservative.

The CHAIRMAN. You think that you will cancel more than that?

Gen. SIBERT. I would not like to say how much more. I think we are on the safe side.

The CHAIRMAN. Then, there is \$4,000,000 which clearly can be taken out?

Gen. SIBERT. I can not answer just what the \$4,000,000 is for. I think from what the accounting people say that it is largely contracts that have been signed by the people in the field but have not yet been passed through the contract board in our office and approved by my office.

The CHAIRMAN. Nothing has happened to them; the work does not start under them until approved by your bureau?

Gen. SIBERT. Sometimes it does.

The CHAIRMAN. Have you undertaken to countermand all of that?

Gen. SIBERT. That was countermanded in so far as could be; everything was countermanded. The order went forth absolutely to stop work on every contract.

The CHAIRMAN. What did you mean by the statement made a while ago that you had been told by the Labor Department that you must be tender in connection with the dismissal of employees?

Gen. SIBERT. I would rather that this would not go in the record.

The CHAIRMAN. I rather it would.

Gen. SIBERT. We stopped those contracts before we got instructions.

The CHAIRMAN. You are not carrying on any contracts now out of a belief that it is necessary to keep labor employed?

Gen. SIBERT. No.

The CHAIRMAN. This statement would seem to indicate that no part of the \$59,000,000 was to be expended in your own plants, and yet I had the impression from previous testimony that you were actually operating plants in the making of gas masks?

Gen. SIBERT. That material is already delivered under those contracts; it is already in our shops.

The CHAIRMAN. I understand, but if your total of materials foots up \$59,475,000 and that be the total of the gas mask investment, somewhere along there is a mistake, because you did have part of that money to be expended in your own plants.

Gen. SIBERT. That would not be obligations already incurred; that would be a payroll to be paid in the future. These are obligations already incurred, outstanding liabilities. We will have payrolls to pay, of course, in the month of December, but we have an estimate to cover that.

The CHAIRMAN. You figure on contracts and expenditures which you call unpaid obligations, a saving of 35 per cent; 35 per cent of \$59,000,000 amounts to \$20,732,000?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. In view of the statement which has been made in connection with your interdepartmental orders and the settlement touching contracts, that amount of \$20,732,000 could probably be very safely increased to \$25,000,000 could it not? That would be less than 50 per cent.

Gen. SIBERT. If the purchase people will guarantee me that they will not spend more than 25 per cent of the money on those contracts, I will say yes, but the difficulty is in getting anybody to make that guarantee, because they do not know. (See page —.)

Gen. WOOD. From the special knowledge I have of cotton goods, I think that 75 per cent would be safe.

Gen. SIBERT. You mean the goods that have not been cut up?

Gen. WOOD. No, I mean on the basis of the whole contract that is incomplete.

Gen. SIBERT. A good deal of these goods may be delivered.

Gen. WOOD. If delivered they are paid for.

Gen. SIBERT. The payments do not keep that close up. When this stuff gets into one of these factories it gets chewed up pretty fast into small pieces.

Mr. BYRNES. Do you not make advance payments?

Gen. SIBERT. No advance payments.

The CHAIRMAN. What is the next big item of unpaid obligations, outside of the gas masks?

MANUFACTURE OF TOXIC GASES, ETC. PLANTS ESTABLISHED.

Gen. SIBERT. The next big item is the armament of fortifications. That is the money we received under the act, for the manufacture of toxic gases, and material of that kind. There are \$43,624,879.77 under the armament of fortifications act of unpaid obligations November 30, and from all the ordnance appropriations together, there is an outstanding obligation of \$48,060,617.18. In other words, the \$107,582,575 of unpaid obligations is made up of three items, one of \$59,475,331, which you have just considered, the next one of \$48,060,617, which is applicable to what we term gas offense, and \$46,625.93 for the Research Development Bureau. Those are the three items that add up the \$107,582,575.03 referred to on that paper.

The CHAIRMAN. They are separated here, however, under various acts.

Gen. SIBERT. Yes, sir.

The CHAIRMAN. Now, let us take this \$43,624,879.77 which represents the unpaid obligations under the fortifications acts of 1917 and 1918. What is the character of those obligations?

Gen. SIBERT. They are for contracts for chemical material, machinery, equipment and plant costs; that is, contracts involving the building of plants from which they were to furnish us material, etc.

The CHAIRMAN. We would like to get that in some sort of picture so we would know just exactly what you have created and what you are going forward with. You had under those two acts nearly \$85,000,000. You have undertaken to create what plant?

Gen. SIBERT. We have a very large plant at Edgewood Arsenal, just outside of Baltimore.

The CHAIRMAN. What is that costing you?

Gen. SIBERT. I can not answer offhand, although I could get you the figures. It is costing an immense amount of money.

The CHAIRMAN. I know it is, and we want to know how far you have stopped going on with it.

Gen. SIBERT. We have stopped all construction work.

The CHAIRMAN. How much have you expended on that plant at Edgewood?

Gen. SIBERT. I have that figure at the office but not with me.

NOTE.—\$38,513,971.87.

The CHAIRMAN. What is the condition of that plant?

Gen. SIBERT. We had plants for the manufacture of three of the standard gases, and they are completed; that is, units of them are completed, so they are ready to manufacture, and we were manufacturing, and we were adding additional units. For instance, we had one plant making 50 tons of chlorine a day finished, and the other was partially finished, and we were adding units to our mustard gas plant, and that work was going on increasing our plant capacity. We had a plant under contract at Hastings-on-the-Hudson.

The CHAIRMAN. Let us not leave this plant at Edgewood.

Gen. SIBERT. It is a part of the same Edgewood plant. It is all called Edgewood Arsenal.

The CHAIRMAN. But it is not at Edgewood. Now at Edgewood what was the character of the buildings? Are they permanent structures?

Gen. SIBERT. They are semipermanent.

The CHAIRMAN. What are they built of?

Gen. SIBERT. A great many of them are built of hollow tile with temporary roofs.

The CHAIRMAN. Are the buildings all completed?

Gen. SIBERT. Practically.

The CHAIRMAN. Are you finishing all the buildings that are practically completed?

Gen. SIBERT. I do not think there is any construction work going on on any building at Edgewood. I could not answer that definitely, but I do not think so.

The CHAIRMAN. Are all those buildings so completed as to be free from deterioration? For instance, it is conceivable that you might have buildings with walls put up and no roofs on them, and it might be wise to put the roof on.

Gen. SIBERT. We would probably do that on a Government reservation, which this is, but my recollection of the place from the last time I saw it is that there are no buildings in that fix. I think

the buildings into which we were to put this additional machinery are all finished.

The CHAIRMAN. Have you made any arrangements looking to the disposition of this property, or is it the program of the War Department to permanently maintain it?

Gen. SIBERT. My recommendation was that all of this special plant should simply be painted and greased up and then let it stand there.

The CHAIRMAN. What for? Is it a plant which is available for making—

Gen. SIBERT. No; it is not suited for any manufacture.

The CHAIRMAN. It is suitable for making chlorine, because that is what it was built for, and that has a commercial value.

Gen. SIBERT. Yes; the chlorine has.

The CHAIRMAN. Why should we not then dispose of it and let it go into productive operation?

Gen. SIBERT. I would be willing to dispose of the chlorine plant, but the only trouble is that this country is going to have several times the amount of chlorine it can possibly consume. We have increased the production so materially in the manufacture of toxic gases that the market will be overstocked in chlorine.

The CHAIRMAN. Your idea, then, is that this Edgewood plant should simply be kept there?

Gen. SIBERT. Yes; that is, the special appliances that can only be used in the manufacture of toxic gases. We might just as well paint it up and grease it and let it stay there, so far as my thought goes.

The CHAIRMAN. Why?

Gen. SIBERT. Just like I would build a battleship or take any other precaution for the national defense.

The CHAIRMAN. Have you any idea that if the peace conference amounts to anything in the world it is going to permit gas warfare in the future?

Gen. SIBERT. In my own mind I can see very little difference, from a humanitarian standpoint, of blowing a man all to pieces with a high explosive shell and gassing him.

The CHAIRMAN. I wish you would put in the record a statement of the plant investments that the Chemical Warfare Service has made everywhere.

Gen. SIBERT. Yes, sir; \$51,973,918.82.

Chemical warfare service, United States Army, plant investments.

Name and location.	Use.	Actually paid or obligated.
Gas defense:		
Consolidated Gas Co., New York City.....	Manufacture of carbon for use in gas-mask cannisters.	\$30,000.00
Fifth Avenue Uniform Co., Fifth Avenue, New York City.	Manufacture of horse masks.....	75,000.00
Gas-defense plant, Long Island City, N. Y. . .	Manufacture of gasmasks and gas-defense material.	1,385,110.00
Gas-defense plant (warehouse), Long Island Island City, N. Y.	Storage and inspection	40,000.00
Astoria Light, Heat & Power Co., Astoria, Long Island.	Manufacture of charcoal and soda lime..	1,500,000.00
National Carbon Co., Cleveland, Ohio.....	Manufacture of carbonite.....	325,000.00
Springfield Gas Light Co., Springfield, Mass..	Manufacture of batchite.....	20,000.00
Pacific Gas & Electric Co., San Francisco, Cal.	Manufacture of carbon.....	112,882.00
Franklin Baker Co., Astoria, Long Island, N. Y.	Cracking cohune nuts preparatory to reduction of material to carbon for use in gas-mask containers.	100,000.00
Astoria Barracks, Astoria, Long Island, N. Y.	Housing men, 750.....	277,300.00
Giant Portland Cement Co., Egypt, Pa.....	Manufacturing carbon.....	1,000.00
Cost of operation, repair and replacement.....		1,280,131.00
Alterations.....		320,201.57
Total, gas defense.....		5,487,124.57
Edgewood Arsenal:		
Edgewood Arsenal, Edgewood, Md.....	Manufacture of toxic gases and filling of shells, bombs, and grenades.	38,513,971.87
Buffalo plant, National Aniline & Chemical Co.	Manufacture of toxic gases.....	527,900.00
Charleston plant, Charleston, W. Va., Charleston Chlorine Co.	Manufacture of sulphur chloride.....	625,000.00
Croyland plant, Croyland, Pa.....	Manufacture of toxic gases.....	223,000.00
Hastings-on-Hudson, N. Y., Hastings plant.	do.....	665,500.00
Kingsport plant, Kingsport, Tenn., Union Dye & Chemical Corporation.	do.....	432,700.00
Midland plant, Midland, Mich., Dow Chemical Co.	do.....	538,300.00
Niagara Falls plant, Niagara Falls, N. Y., Oldbury Electro Chemical Co.	do.....	230,900.00
Stamford plant, Stamford, Conn., American Synthetic Color Co.	do.....	112,000.00
Bound Brook plant, Bound Brook, N. J., Frank Hemingway (Inc.).	do.....	142,500.00
D. M. plant, Carrollville, Wis., Newport Mining Co.	do.....	15,000.00
D. M. plant, North Newark, N. J., Staier Chemical Co.	do.....	5,000.00
Phosphorus plant, Fairmount, W. Va.....	Manufacture of phosphorus.....	74,868.65
Sulphur Chloride plant, Niagara Falls, N. Y. (Hooker Electro Chemical Co.).	Manufacture of sulphur chloride.....	30,000.00
Dill & Collins, Philadelphia, Pa. ¹	Manufacture of chlorine.....	250,000.00
Total "actually paid or obligated," Edgewood Arsenal.		42,386,540.52
Proving Grounds, Lakehurst, N. J.....	Proving and testing shell and chemical warfare material.	1,890,000.00
American University, Washington, D. C.....	Research work.....	1,561,658.96
Experimental plant, Willoughby, Ohio.....	Development of gas manufacturing process.	300,000.00
Willoughby Barracks, Willoughby, Ohio ²	Housing enlisted personnel.....	348,564.77
Total.....		4,100,253.73

¹ Of this amount \$100,000 will be returned to United States, according to terms of contract.² \$62,000 of this amount allotted by Chemical Warfare Service.

The CHAIRMAN. What other large plant investments have you?

Gen. SIBERT. We have a large plant investment at Hastings on the Hudson, which was a plant to manufacture 50 tons of mustard gas a day. We have a large plant investment at Buffalo for a similar plant. We have a considerable plant investment at Niagara Falls for the manufacture of phosgene and some of our raw products. We

have a plant investment of a half a million dollars or more at Kingsport, Tenn., and we were starting a plant investment of considerable proportions at Fairmont, W. Va., and there was a big plant investment at Saltville, Va.

The CHAIRMAN. What is the status of these various establishments? They are all completed except one, I would judge from what you have just said.

Gen. SIBERT. No; the one at Hastings on the Hudson is substantially completed and is ready to produce. The one at Buffalo is practically completed and the one at Kingsport, Tenn., has just commenced to produce. The one at Saltville, Va., has just commenced to produce. We have just started a big phosphorus plant at Fairmont, W. Va., but that had gone no further than the building of some cantonments and some light buildings. That is all stopped. We had just started a plant at Croyland, in Western Pennsylvania, but that was stopped before it got very far.

The CHAIRMAN. How much of these unpaid obligations are you going to save by virtue of the discontinuing of the building of plants?

Gen. SIBERT. I can not answer that.

GENERAL STATEMENT.

(See p. 326.)

The CHAIRMAN. You are not in a position, General, to give us any detailed information touching this \$43,000,000 of unpaid obligations, except your general statement that you think you can save 35 per cent?

Gen. SIBERT. Based on the reports from our division chiefs and from such preliminary examination into the contracts as we can make.

The CHAIRMAN. Have you any doubt but what you will be able to clean up with a nonexpenditure of considerably more than 35 per cent of the money?

Gen. SIBERT. I think we will clean up within that amount and we may save more.

The CHAIRMAN. Have you any reasonable doubt but what you can save more?

Gen. SIBERT. If I was sure that we could save more, I would make the per cent larger. I believe in playing a safe game; that is a safe amount. We will save that much.

The fact is that we have not touched at all the deficiency that you gave us. You gave us \$100,000,000 which we are not only turning back, but \$84,000,000 of the money appropriated before. Then, we have not touched the \$150,000,000 that you authorized us to enter into contracts for. In other words, if you add to the \$184,000,000 the \$150,000,000, that will represent the amount of money that we are turning back that you authorized in the last deficiency bill. I do not believe that there would be any great amount gained in shaving the estimate of 35 per cent, or increasing it a little one way or the other. I give that as the judgment of our office which has resulted from preliminary examinations made by the division chiefs in certain items of this work. That is the status.

CLERICAL FORCE.

The CHAIRMAN. General, what are you doing in connection with the clerical force that you have?

Gen. SIBERT. We are letting them go.

The CHAIRMAN. How much is your present monthly pay roll.

Gen. SIBERT. We do not pay it.

The CHAIRMAN. It is paid out of the lump sum made for temporary clerks?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. What, in point of fact, have you done in the way of the reduction of your force?

Gen. SIBERT. My recollection is that we had 149 clerks and 109 enlisted men or limited service men on duty in the office. Practically all of the enlisted men are gone. We let them go first, because they were anxious to go, and the clerks proper in addition to that, have been reduced one-third.

EXPERIMENTAL STATION AT AMERICAN UNIVERSITY.

The CHAIRMAN. What have you done at the university?

Gen. SIBERT. The American University?

The CHAIRMAN. Yes, sir. Have you ever ascertained what the basis of your contract was?

Gen. SIBERT. Yes, sir; we found out all about it and we have decided to abandon it. There was no contract; we were simply on the ground through sufferance and what we have put there we have lost practically.

The CHAIRMAN. Why?

Gen. SIBERT. Because it does not pay to remove it.

The CHAIRMAN. How much have you invested there?

Gen. SIBERT. We have spent there altogether in the neighborhood of \$1,561,658.96.

The CHAIRMAN. That seems to be a pretty large figure to have no value?

Gen. SIBERT. It is a large figure. It was expended mostly before we got it.

The CHAIRMAN. You mean before you got it?

Gen. SIBERT. Before it was turned over to the War Department. This was all in the hands of the Interior Department up until last June.

The CHAIRMAN. You do not mean by saying that you have abandoned it, that you have undertaken to give to the university a quit claim to the property of the Government placed there?

Gen. SIBERT. No, sir; I do not mean that we have given any quit claim. We will get out of it all we can, but in my judgment where we have spent money on the inside of a building as we did in the completion of one big building, two hundred odd thousand dollars, and the money where we started to build a new laboratory out of concrete that can not be removed, that money having been spent on somebody else's property is gone. There are a good many temporary buildings that we can salvage the material on. That will not amount to much.

The CHAIRMAN. Have you stopped expending money there?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. You still have a lot of men out there?

Gen. SIBERT. Yes, sir. As I told you before, all experimental work there has been ordered stopped at the end of this month. It is working down just as fast as it can to that.

The CHAIRMAN. Are you dismissing any men out there?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. I notice any number of automobiles apparently running back and forth from there, at least they are marked that way.

Gen. SIBERT. There is certain transportation attached to the institution, yes, sir.

The CHAIRMAN. You consider it desirable or necessary to continue that plant there until January?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. Why?

Gen. SIBERT. It is gradually decreasing its operations, reaching zero in a little more than two weeks from now. As I said before, there are a great many important problems that might have all kinds of bearing that are nearly completed, and I am letting the thing play out at that time.

The CHAIRMAN. Please put in the record a statement of the expenditure that has been made there?

Gen. SIBERT. Yes, sir.

CHEMICAL WARFARE SERVICE, UNITED STATES ARMY.

Expenditures at American University:

Structures ¹	\$702,120.17
Equipment.....	859,538.79
Total.....	1,561,658.96

STOPPAGE OF MANUFACTURE.

The CHAIRMAN. General, there were quite a number of items that you got from the ordnance people in the way of ammunition, etc. I suppose you have nothing to do with the stoppage of the manufacture of the shell, but simply the material that was to go into them. To that extent I understand, you have ceased manufacturing. Is that true?

Gen. SIBERT. We ceased before the armistice.

The CHAIRMAN. Do you mean that literally?

Gen. SIBERT. Absolutely.

The CHAIRMAN. You are not making any gas then at any place for the purpose of loading shells?

Gen. SIBERT. We may have made a ton or two of gas in the new plant at Kingsport, just to see if the thing worked, but there has been no gas manufactured at Edgewood at all since the armistice.

The CHAIRMAN. You were building a lot of refrigerating plants for the refrigeration of these gases. That has all been stopped?

Gen. SIBERT. Everything.

¹ \$228,000 of this amount was expended on uncompleted laboratory. No further expenditures thereon are contemplated.

The CHAIRMAN. You are not carrying on any work of that kind?

Gen. SIBERT. No, sir.

The CHAIRMAN. What did you do with the gas on hand?

Gen. SIBERT. It is out there in steel containers. We have over 2,000 tons.

The CHAIRMAN. What do you propose doing with it?

Gen. SIBERT. My own idea is to run it out to sea where the water is very deep and let it go overboard.

The CHAIRMAN. It has no commercial value?

Gen. SIBERT. No, sir. Some of the gas may have a market value and we will save it and try to sell it if we can.

The CHAIRMAN. What have you done, if anything, looking to having the ordnance people cease the manufacture of any special material for you?

Gen. SIBERT. It is all stopped and they are not making any shell at all.

The CHAIRMAN. If I understand your statement now, there can be taken from the Chemical Warfare Service \$184,000,000?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. And, in addition to that, the repeal of the authorization of \$150,000,000?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. Making a total of \$334,000,000?

Gen. SIBERT. Yes, sir.

The CHAIRMAN. General, I wish you would get into contact with the Quartermaster Corps and place as a note in this hearing the amount of money going to make up that total that should be taken from each of the various appropriations from which the original money came.

Gen. SIBERT. That is, as to the amount that we report here can go back to the Treasury, you want us to state the exact appropriation from which those amounts came?

The CHAIRMAN. Yes, sir.

Chemical Warfare Service, United States Army—Total estimated savings—Amounts that may be turned back into Treasury by appropriation.

Appropriation and act.	Amount.
Armament of fortifications (fortification act, approved July 8, 1918).....	\$38, 182, 621.89
Medical and Hospital Department, 1919 (Army act, approved July 9, 1918).....	18, 377, 713.89
Ordnance Service, 1919 (Army act, approved July 9, 1918).....	337, 893.57
Ordnance stores ammunition, 1917-1919 (urgent deficiency act, approved June 15, 1917)...	200, 000.00
Ordnance stores ammunition, 1918-19 (urgent deficiency act, approved Mar. 28, 1918)....	4, 825, 214.40
Ordnance stores ammunition, 1919-20 (Army act, approved July 9, 1918).....	22, 000, 000.00
Ordnance stores and supplies, 1918-19 (urgent deficiency act, approved Mar. 28, 1918)....	3, 923.90
Ordnance stores and supplies, 1919-20 (Army act, approved July 9, 1918).....	9, 010, 000.00
Repairs of arsenals, 1919 (sundry civil act, approved July 1, 1918).....	29, 658.14
Chemical Warfare Service, 1919 (Army deficiency act, approved Nov. 4, 1918).....	90, 965, 584.77
Total.....	183, 932, 610.66
In addition to the above:	
Chemical Warfare Service contract authorization, Army deficiency act, approved Nov. 4, 1918.....	150, 000, 000.00
Total "cash" and "contract authorization".....	333, 932, 610.66

MONDAY, DECEMBER 9, 1918.

NAVAL ESTABLISHMENT.

STATEMENTS OF HON. JOSEPHUS DANIELS, SECRETARY OF THE NAVY; REAR ADMIRAL CHARLES W. PARKS, CHIEF BUREAU OF YARDS AND DOCKS; REAR ADMIRAL RALPH EARLE, CHIEF BUREAU OF ORDNANCE; REAR ADMIRAL DAVID W. TAYLOR, CHIEF BUREAU OF CONSTRUCTION AND REPAIR; REAR ADMIRAL ROBERT S. GRIFFIN, CHIEF BUREAU OF STEAM ENGINEERING; REAR ADMIRAL SAMUEL M'GOWAN, CHIEF, REAR ADMIRAL C. J. PEOPLES, ASSISTANT CHIEF, AND MR. CLYDE REED, SPECIAL ASSISTANT, BUREAU OF SUPPLIES AND ACCOUNTS.

REPEAL OF APPROPRIATIONS.

GENERAL STATEMENT.

The CHAIRMAN. Mr. Secretary, the committee is conducting a hearing looking to ascertain, of the very large sums that have been appropriated since we entered the war, what amounts have been expended and what balances may remain, and to what extent those balances are or will need to be obligated, and the situation touching authorizations that have been made by the Congress. Before touching on the purely financial phase of the matter, I think we would be glad to know just what steps have been taken by the Navy Department since the signing of the armistice looking to curtailment of unnecessary expenditures and to a determination of the matters of which I have just spoken.

Secretary DANIELS. Mr. Chairman, the appropriations necessary for the Navy are based primarily upon the number of men in the service. We estimated in March, 1917, that we would have 314,000 men in the Navy. As a matter of fact, we have had as high as 497,000 men, and the average for the year has been 445,700, which has been a very large increase of men over what we estimated in March, 1918. When the war began we had about 300 ships in commission, and we have now 2,003, or did have when the armistice was signed. That, of course, has made necessary a much larger expenditure than we estimated we would have to make on account of pay of the Navy and provisions.

These two items of pay of the Navy and provisions alone have been over \$200,000,000 more than we anticipated. Commencing with the naval act of March 4, 1917, there has been appropriated on account of the Naval Establishment \$3,376,950,454.70, of which on November 1, 1918, there had been expended \$1,569,948,066.27. The tables I have presented to you show, in addition to the unexpended balance on November 1, 1918, of \$1,807,002,388.43, after canceling contracts to the extent of \$140,079,630.41, an additional sum of \$144,886,884.79 as being required for the remainder of the present fiscal year. If this additional sum be provided, we will have available for expenditure from November 1, 1918, \$1,951,889,273.22. There has already been withdrawn from the Treasury in this fiscal year \$966,704,998.29, or a monthly average of \$193,340,997.65, which, if maintained, as past

experience indicates it will be, will run the Treasury withdrawals for the remainder of the year up to \$1,350,000,000.

Now you ask what steps have been taken since the signing of the armistice to curtail expenditures. We had contracted for the building of a nitrate plant at Indianhead. What was that to cost, Admiral Earle?

Admiral EARLE. \$9,150,000.

Secretary DANIELS. It was a new process for making nitrate which would be more costly, but which was absolutely essential if war had continued, because the nitrate situation was a very critical one, as you know, at a certain period. We discontinued that at once, and thereby saved practically all of that appropriation.

The CHAIRMAN. What were the terms of the cancellation?

Secretary DANIELS. How far had we gone on that nitrate plant, Admiral?

Admiral EARLE. A very little way.

Secretary DANIELS. How much are we actually out on that?

Admiral EARLE. A little less than \$800,000.

Secretary DANIELS. We settled upon the basis of what we had already paid out. Then we had determined, after consultation and agreement with the allied navies, to furnish mines to plant across the entrance to the Adriatic Sea, and also to put down mines in the Aegean Sea to prevent the escape of submarines from the Austrian and Turkish coasts, and we had committed ourselves to \$6,400,000 for these purposes. We had just begun to let those contracts, and, of course, they were canceled. We held up the manufacture of powder, which called for \$4,230,000. We found very great difficulty during the war in getting T. N. T. The quantity of T. N. T. was limited and the demands of the Army were so great that we were unable to get enough to meet our well-calculated needs, and therefore we began to build a plant, which we called the T. N. T. plant, in Wisconsin. That was to have cost how much, Admiral Earle?

Admiral EARLE. That would have cost \$12,000,000. It has already cost \$2,500,000, but we have gotten some product from it.

Secretary DANIELS. So that we saved \$9,500,000 by canceling that contract. Then we have saved \$4,230,000 by holding up on the manufacture of powder. We have saved \$1,084,000 on fuse contracts. We have saved \$5,000,000 by stopping the building of mines. We had furnished 80 per cent of the mines to put a barrage across the North Sea. That was a very big undertaking, the biggest undertaking, I think, by all odds, of the war, when you consider the difficulty of it. Our plan had been to put a barrage clear across the North Sea, so the submarines could not get out. There was one across the Dover Channel, and by putting one across the North Sea our idea was to shut that up also. We had made very large preparation for that, and we have saved \$5,000,000 by stopping that work. Of course, we had already made a great many mines which we must now store. We were working with three shifts as hard as we could.

Mr. Sisson. Did the allies pay any part of that expense?

Secretary DANIELS. Of any part of the mines that we furnished?

Mr. Sisson. Yes; for the North Sea barrage.

Admiral EARLE. They used the mines that we furnished.

Secretary DANIELS. Did they pay any part of it?

Admiral EARLE. No, sir.

Secretary DANIELS. Then we canceled a contract for 10,000,000 pounds of smokeless powder and a like amount of T. N. T., on which we saved \$8,500,000. We canceled another contract for 32,000,000 pounds of T. N. T., and saved \$11,000,000. We canceled a contract for 7-inch powder tanks and 9-pounder Davis gun cases, \$419,000. We had bids out for 1,000,000 pounds of black powder which we rejected and did not take any, and saved \$250,000. We canceled a 5,000,000-pound contract for T. N. T., grade A, with Hercules, \$2,500,000. We canceled shell contracts for \$16,000,000. We canceled mount contracts for \$24,000,000. We canceled contracts for fire-control items, \$4,900,000. We canceled contracts for eighteen 7-inch tractors, \$1,013,400. These and other items which we have canceled or will not proceed with amount to \$457,812,271.50. This is in the Ordnance Bureau.

Of course, we had looked forward to the war continuing, and immediately upon the armistice we took steps to cancel contracts, and we are terminating them now every day. We canceled a contract the other day for guns which we had ordered for the merchant ships. One of the difficult things we had to do during the war was to get the guns for the merchant ships. With the signing of the armistice we canceled those contracts, or all we could cancel. Of course, we were confronted with this situation: Sometimes items we would not have ordered otherwise were 75 per cent finished. We are trying to adjust all such contracts in a fair and just way and as rapidly as possible.

The CHAIRMAN. Mr. Secretary, what I do not quite get, although I may have misunderstood the full purport of the figures you read in the first instance, but from them I got the impression that you anticipate you are actually going to spend more money during this fiscal year than has been appropriated.

Secretary DANIELS. We will ask for a deficiency of \$284,966,515.

The CHAIRMAN. The thing I do not grasp at all is, in view of the savings that you have been enumerating running into a good many millions of dollars, that you should now anticipate that during this year you will spend more money than you had. That would seem to indicate that you had either tremendously underestimated your needs——

Secretary DANIELS (interposing). We did underestimate our need. We could not foresee the large expenditures which the war would require.

The CHAIRMAN. And the testimony before this committee rarely brought that impression to the committee, or you are proposing a program now in peace times which was more elaborate than what you had in mind during the war.

Secretary DANIELS. No; our estimates in the naval bill for next year made under the law——

The CHAIRMAN (interposing). But right there, Mr. Secretary, let us not confuse things. This committee is not now concerned with what you are going to ask for next year. It is concerned with taking back moneys that were appropriated under a war condition which has ceased. Then it will be a question of policy for Congress to determine how far it wants to appropriate moneys.

Secretary DANIELS. Exactly.

The CHAIRMAN. I do not think the committee or the Congress will rest content with a policy of redistribution of funds now, having in mind future naval needs, because that would simply be to anticipate the Congress's own judgment. What we want is to take the moneys that have been given for the purposes for which they were given and wherever that purpose has ceased, then that money ought to go back into the Treasury.

Secretary DANIELS. And wherever the purpose has ceased, as I showed you with reference to ordnance, and wherever it has appeared practicable we have endeavored to save appropriations by cutting down. We have not yet received all expenditure or obligation figures from Admiral Sims. Our expenditures abroad have been much larger than we thought they would be, and I telegraphed him, after I talked with you the other day, for a full statement, which I have not yet received. Preliminary and incomplete reports show his expenditures to have been much larger than we anticipated.

The CHAIRMAN. But the point is still this, Mr. Secretary, the Congress carried through a deficiency bill late in October, and at that time the Navy came and presented presumably its needs for the balance of the fiscal year, on the basis of the continuation of the war. The war has now ceased.

Secretary DANIELS. Those were urgent deficiencies, Mr. Chairman. We had gone forward very rapidly in offensive-war measures and we had in some places underestimated. As a matter of fact, I preferred this to overestimating, a thing very easy to do if one attempted to provide for the daily changing conditions and demands during war. We have here, for example, in this statement, an estimated saving of \$140,000,000, but we will spend \$225,000,000 for pay of the Navy and provisions that we had not expected to spend.

The deficiencies, actual and estimated, have not been brought to my notice prior to this morning, and I have not had opportunity to consider them. It may be that I may find it practicable to curtail them somewhat. Moreover, the committee will have opportunity to determine their necessity when formally presented.

The cancellations here shown may be made certain by curtailing current appropriations if you deem such course necessary or advisable.

I feel that further cancellations and savings may be made in the course of the next two or three months, particularly in connection with work contemplated. I do not propose to authorize anything that is not absolutely essential, and as various projects are presented to me I hope in this way to eliminate not a little of what the bureau heads have in mind under this head.

I am not prepared, other than in a general way, to discuss the details of this data with you. It was not finished until late last evening and was not presented to me until this morning. I hope the committee will go into the figures in detail. I suggest that you have each bureau chief come down, to the end that they go fully into every expenditure of the department, so that such reduction in the existing appropriations as will be shown possible can be secured.

UNEXPENDED BALANCE.

Mr. BYRNES. But, Mr. Secretary, you have an unexpended balance of \$2,414,000,000, according to your statement, and unpaid obligations of \$1,295,000,000, leaving you with an unobligated balance of

\$1,118,000,000. Do you mean that your expenditures for the balance of this fiscal year will not only consume that unobligated balance of \$1,118,000,000, but a further deficiency will be necessary in order to meet your obligations?

Secretary DANIELS. You see we have in the first item, if you will notice, \$607,000,000 of money authorized but not yet appropriated. In other words, according to this statement, we had available for obligation on December 1, 1918, \$511,033,903.23, instead of the figures you have used.

The CHAIRMAN. But that, so far as the financial statement is concerned, is the same as cash at present, because the Navy Department can obligate the Treasury for it just the same as if it was cash. Therefore what you have had has been in cash, \$3,984,466,208, and you have had in contract authorizations \$607,515,754, which makes a total of more than four and a half billion dollars. You have an unexpended balance as of the 1st of November of nearly two and a half billion dollars and you estimate that you have unpaid obligations of \$1,295,968,485. The thing in which all of us are interested is, in view of that fact, how is it possible that you now figure you are going to have a deficiency for this year, unless you have tremendously increased your program?

Secretary DANIELS. We have not tremendously increased the program. The estimates for the current year were based upon an enlisted force of 314,000. It is actually about 445,000 men; so, there, in one item, is over \$200,000,000 for pay and provisions not contemplated.

DECREASING PERSONNEL.

(See p. 352.)

The CHAIRMAN. You are decreasing right now the personnel of the Navy?

Secretary DANIELS. Yes; every day.

The CHAIRMAN. And from now on until the 1st of July your requirements will grow daily less?

Secretary DANIELS. Yes; we are letting out 80,000 men now.

The CHAIRMAN. That being true, how is it conceivable the moneys you have received for pay of the Navy should represent a shortage of two hundred odd million dollars? Whoever estimated that did not know anything about the item, if that is true.

Secretary DANIELS. I will ask the Bureau of Supplies and Accounts to go fully over those figures with you. The steadily increasing demand for personnel, not anticipated, made the expenditures for their pay and maintenance imperative.

Mr. REED. The estimates for pay and subsistence were based on the numbers decided by the Secretary and his advisers that they would have in the service, but the numbers were very rapidly increased over the numbers on which the estimates were prepared. It is largely a mathematical calculation.

The CHAIRMAN. It is purely a mathematical calculation.

Mr. REED. Of that deficiency for pay of the Navy, \$55,000,000 represents the deficiency for the fiscal year 1918 which we could not determine until the latter part of September, when we got all the reports in from the disbursing officers; that is, the number of men had increased rapidly, and instead of having around 300,000 men in

the service at the end of the fiscal year there were 370,000 men, and until we knew the exact number from the disbursing officers we could not determine the deficiency for 1918.

ESTIMATES FOR PAY OF THE NAVY.

The CHAIRMAN. Have you any figures showing exactly the basis on which you made your estimates for pay of the Navy?

Admiral McGOWAN. Yes, sir; we have them.

The CHAIRMAN. Have you undertaken to determine the weighted average you are going to have from now until the 1st of July?

Mr. REED. The Bureau of Navigation has estimated that starting out with 370,000 on the 1st day of July, 1918, having gone up to 497,000 on the 22d of November, and demobilizing as rapidly as possible so as to get it down to the proposed strength of 360,000 on the 30th of June, the total average number in the service throughout the year will be 443,700. Our estimate was based on an average of 314,000 throughout the year, and we have had to provide for officers and men for 129,700 men for the full year which we had not anticipated.

Mr. BYRNES. Let me ask you this question: What does this unexpended and unobligated balance of \$1,118,000,000 represent?

Mr. REED. The \$607,000,000 of authorizations not yet covered by appropriations is included in the \$1,118,000,000. The statement presented to the committee shows the total money that the Navy Department has been authorized to expend since March 4, 1917.

Mr. BYRNES. Then you have available for the expenditures of the department from now until July 1 how much?

Mr. REED. \$500,000,000 balances of appropriations unobligated.

Mr. BYRNES. And your contention is that that will not meet the expenditures from now until July 1?

Mr. REED. Yes, sir.

The CHAIRMAN. But all of that is predicated upon maintaining a Navy of a certain size with certain numbers in the way of personnel; and, by the way, the whole situation is a splendid illustration of the vice of the provision that years ago you got in Congress for merging all of your funds, so that only an accountant can ever separate them back into the legislative provisions, which is a thing we discussed when the Army wanted to imitate that same bad example. For instance, in the item pay of the Navy, you are going to show, according to your present calculations, a very great deficiency, and practically what happened is that the entire naval estimates get thrown into a lump sum, and then you gentlemen can expand one way or the other just as you please, and spend within the total amount and create deficiencies in something that has to be met.

Secretary DANIELS. We can not take money out of ordnance, for instance, and put it in yards and docks.

The CHAIRMAN. You not only can, but do.

Admiral McGOWAN. No, sir; we can not and have not; there is no lump sum.

The CHAIRMAN. But you charge up to the general account of advances—

Admiral McGOWAN. That is simply drawing out of the Treasury ultimate charges against the appropriation—

The CHAIRMAN (interposing). I know it is, but after you have spent it for something else it is gone, and then you have got to come back and Congress must make good the money. What it does is to give you a perfect leeway as to what you shall expend in these various items, and that was the reason urged for it; is not that true, Admiral?

Admiral McGOWAN. No, sir.

The CHAIRMAN. Well, why is it not true? What is wrong about it?

Admiral McGOWAN. It just is not.

The CHAIRMAN. Well, what is the fact?

Admiral McGOWAN. The appropriations of the Navy are as separate and distinct in their expenditure as they can possibly be under any other department of the Government. The general account of advances is simply an authorization to draw out of the Treasury the actual money with which to buy stores and make expenditures, but the moment the expenditures are actually made they are charged to these various appropriations. The appropriation is not interchangeable.

The CHAIRMAN. But suppose there is not any money there, what happens then?

Admiral McGOWAN. A deficiency, sir; but we do not go from one appropriation into another.

The CHAIRMAN. No; but you create deficiencies.

Admiral McGOWAN. Yes, sir; for war necessities.

The CHAIRMAN. And you have the determining power as to what are necessities, and that is the vice of the plan. It ignores Congress entirely.

Admiral McGOWAN. I hate to call it by that name, but it is for war necessities.

The CHAIRMAN. Well, we are in peace now, and we want to get away from the excuses that war brought about.

Secretary DANIELS. You understand, Mr. Chairman, that in the fall we only asked for urgent deficiencies. We did not come for any deficiencies except urgent ones.

The CHAIRMAN. You came and asked for everything that anybody wanted at that time.

Secretary DANIELS. No; we decided only to ask for urgent deficiencies and to wait for the general deficiency bill so we could present to you what really was necessary as the war went on. You will find that all of our deficiencies were urgent deficiencies. We could not then accurately tell what we needed, and elected not to come before the committee until our estimate would be accurate.

PERSONNEL AS OF JULY 1, 1919.

The CHAIRMAN. Mr. Secretary, what I would like to know now is to what figure you expect to bring the personnel of the Navy as of the 1st of July?

Secretary DANIELS. Three hundred and fifty thousand.

The CHAIRMAN. What are your reasons for maintaining a personnel of that size?

Secretary DANIELS. The reasons are that it will require about 350,000 men for the Regular Navy and for the manning of the ships that are bringing the troops from Europe. We furnish all the crews to man all the ships that have carried troops to Europe or will bring them back, and that puts upon us a very large expenditure.

The CHAIRMAN. Are you going to have commissioned ships in the Navy, outside of your merchant marine which you are now handling, that are going to require a personnel of anything like 350,000 men?

Secretary DANIELS. We have now 2,003 ships. We are taking them out of commission every day, and by July we will have them down much lower, to 1,300 odd; but the Bureau of Navigation has made a very careful and accurate statement of what we will require with the new ships coming in. We are asking no increase in the permanent Navy, Mr. Chairman. The permanent Navy is now 131,485, plus the hospital corps of 4,600, which makes a total of 136,000, in round numbers, for the Navy and hospital corps. We are not asking any increase in the Navy at all for the permanent force, expecting within the next year to put vessels in reserve and otherwise to reduce their numbers so that the personnel, which is to-day well over 400,000, will comprise a permanent strength of 131,485 plus, approximately, 220,000 naval reserves. I do not know how long it will take to bring the soldiers back. I do not know what Gen. Pershing's plan is, but the immediate need for men in excess of the authorized strength is to man the troop and supply ships as long as they are required.

The CHAIRMAN. His present plan is to have the Army of the United States reduced to 500,000 men by the 1st of July.

Secretary DANIELS. Of this year?

The CHAIRMAN. Of this year. That was testified by the Secretary of War within a few days.

Secretary DANIELS. You mean the permanent Army?

The CHAIRMAN. I mean the entire Army. I mean that will be all the men who will be with the colors the 1st of July. The Secretary of War testified to that just a week ago.

Secretary DANIELS. We have not that information. We expect to be required to man the ships, and therefore we are asking a leeway as to the men, and we shall let them go as rapidly as possible.

The CHAIRMAN. How many men do you figure are necessary because of the merchant marine bringing back the soldiers?

Secretary DANIELS. Between 115,000 and 125,000.

MANNING OF SHIPS.

The CHAIRMAN. Well, take the maximum of 125,000; how do you explain the need of 225,000 men for the Navy?

Secretary DANIELS. We are manning not only our own ships. We had 2,003 ships on the day of the armistice, and by July 1, 1920, we expect to have 1,343. We are building ships all the time. We are putting ships in commission every week, and we will need some time to adjust and know how many ships we will keep in commission. We furnish the crew for all the ships that go across the Atlantic for the Shipping Board.

The CHAIRMAN. I understand that. Those are the ships on which you carry the troops.

Secretary DANIELS. We furnish the crews also for the ships that carry munitions and wheat and supplies, and the number of those that we calculate upon are the number that the Shipping Board and the Army tell us they think they will need.

The CHAIRMAN. But you have a tremendous number of ships in the Navy proper that were used for defense against submarines, and

for convoy and patrol work, and all of that work now has stopped, or ought to stop.

Secretary DANIELS. We are taking them out every day, but you can not do it in a very short time.

The CHAIRMAN. No; but I can not see how at the end of next June it is possible that you are going to have in the Navy proper 225,000 men. I do not see what you are going to do with them.

Secretary DANIELS. Well, we are going to have 1,343 ships and that is the estimate that Operations made after a very careful study, and I am going upon their expert opinion.

The CHAIRMAN. Mr. Secretary, I am not undertaking to put my knowledge, which is meager, touching the purely technical side of the Navy, against theirs, but what the committee is anxious to know is that the maintenance of this very large personnel is not being done with the idea—which may be justifiable, but we ought to understand it if it is so—of a future navy other than the present needs. Now that is a matter for Congress to determine.

Secretary DANIELS. Absolutely.

The CHAIRMAN. And we ought not, under the guise of getting from under war conditions, to be forcing upon the country a policy which it may or may not agree to.

Secretary DANIELS. I entirely agree with that, and we have taken up with the Naval Affairs Committee and are going very fully into the question of the number after next July. We are talking now about up to July.

The CHAIRMAN. Yes; but you may maintain a personnel up to July that is not justifiable on any other theory than that a certain policy is to be followed after July.

Secretary DANIELS. No; we are not doing that, but we are taking this ground: We had when the armistice was signed more than 500,000 men in the Navy and we expect to get that down by July to 350,000, and then we expect to ask the Naval Affairs Committee for as many men as the experts of the Navy feel are necessary for the future.

The CHAIRMAN. Just at first blush, that strikes me as a rather small reduction.

Secretary DANIELS. To reduce from 524,000 down to 350,000 by July?

The CHAIRMAN. Yes.

Secretary DANIELS. It would be if we did not have to bring the soldiers back and carry the provisions over.

The CHAIRMAN. But the estimate of 125,000 men covers that. Does this include the marines?

Secretary DANIELS. It does not include the marines.

The CHAIRMAN. Well, that makes the case still more striking.

Secretary DANIELS. Well, Mr. Chairman, it is for Congress to say what shall be done with the Navy. I am earnestly advising the Naval Affairs Committee to enter upon another three-year program for the expansion of the Navy. I think at this time we ought not to fail to carry out the same kind of development in the Navy that we began three years ago, and we ought to put ourselves on record that we are going to go forward on another three-year program. Then when the peace treaty is signed and the conditions are adjusted, I should say that Congress ought to take the matter up in view of the action of all the nations. I do not subscribe for a moment to the

notion, which I think is absolutely wrong, that the American Navy ought to be the second largest in the world. It either ought to be the first navy in size in the world, or we ought to have what we all fought for, an international agreement for a reduction of armament. But until that comes internationally I do not think America can afford to fail to go steadily forward in increasing its Navy.

The CHAIRMAN. Mr. Secretary, I might subscribe to every word you have said without changing my present attitude, and it brings me back to the question I propounded a while ago. I may be wrong, but I can not help but be impressed with the fact that the number of men that you are asking to keep in the Navy bears a relationship to policy and not to present needs. Now, even assuming that you are going to build up the biggest navy in the world, I think that what you want is to build up your personnel with your ships.

Secretary DANIELS. Exactly.

The CHAIRMAN. And you have a number of ships now in the Navy and the only excuse for their being in the Navy is that you did not have anything better, and they ought to be gotten out of the Navy right away.

Secretary DANIELS. We are taking them out every day.

The CHAIRMAN. And pending the creation of new ships, their personnel ought to go with them.

REDUCTION IN NUMBER OF MEN SINCE SIGNING OF ARMISTICE.

(See p. 347.)

Secretary DANIELS. Exactly, and we are doing that. Since the armistice and by the 1st of January we will have reduced 80,000 men. We shall reduce it every month; but, certainly, until July, with the necessity of manning all the ships that are to carry food to our troops and bring back the men who are coming back, everybody in the Shipping Board and everybody in the War Department and everybody in the Navy Department advise that we are going to need these men. I intend to reduce them as rapidly as possible, and as evidence of that, although there has been very strong recommendation made by experts in the Navy Department that our permanent Navy should be increased, I have recommended to Congress no increase in the permanent Navy and that we should keep it at the figures already fixed. As I said just now, Mr. Chairman, you can not demobilize the Navy like you do the Army. We have 2,003 ships in commission and by July we will have 1,343. After that we will continue to reduce them. We are working upon a plan now in the department as to what we shall do with the ships we still have. We shall, of course, keep those of the old type like the *Kentucky*, the *Kearsarge*, the *Indiana*, and the *Iowa* and that type of ships in reserve, with a very small complement upon them. Some of them will be getting so old that they ought not to be in service at all after we have used them for training purposes. They have served a wonderful purpose in this war in training men, and we have those men in the service, and my theory about it is that if we are to get rid of 200,000 by the 1st of July that is about as much as we can do.

The CHAIRMAN. There is another striking thing about this exhibit, and that is you show in this financial statement not a single surplus of funds under any head.

Secretary DANIELS. Yes.

The CHAIRMAN. It is perfectly manifest that that condition can not exist.

Secretary DANIELS. Mr. Chairman, I think you are mistaken about that. We show a surplus of \$142,000,000 under ordnance.

The CHAIRMAN. Yes; but you do not show us how to take it away under ordnance.

Secretary DANIELS. We do, automatically, but to give it to others that have a deficiency.

The CHAIRMAN. You have no estimate for a deficiency pending before Congress.

Secretary DANIELS. We have one ready to submit.

Admiral MCGOWAN. If the appropriations were interchangeable as you thought they were, we would not have to ask for a deficiency.

Secretary DANIELS. Mr. Chairman, the reason I asked these members of the various bureaus to come here was that you might have them discuss with you the large items of their departments.

The CHAIRMAN. We will do that. We will take up every item in the way of large appropriations and find out what has been done, but what we are trying to get at this morning is the general policy.

Secretary DANIELS. Suppose we do this: Suppose you let these gentlemen come before you. This recapitulation has been a very arduous task. It was only finished this morning, our experts working on it day and night, and I have not had an opportunity to study it carefully. I will take it up myself with all the bureau chiefs item by item, which I have not yet been able to do, and then when they come before the committee you will take up these larger items and I will either come before you or write you a statement along the lines of your inquiry.

The CHAIRMAN. We are perfectly willing, of course, to call you subsequently, as unquestionably we will have need to do, but there are certain matters we can probably clear up now as to the basis of policy, so that when we get to questioning these gentlemen we may not be referred back again because it is a matter of policy.

CONTRACTS—CANCELLATION OF CONTRACTS.

Mr. Secretary, I have understood informally, and I do not state it as a fact, that the Navy contracts did not carry cancellation clauses; or if they did, that they only carried them very recently. What is the fact touching them?

Admiral GRIFFIN. There is a general clause in the naval appropriation act providing for the cancellation of any contract.

Secretary DANIELS. Every contract carries that without its being specifically mentioned.

Admiral EARLE. That extends to six months after a treaty of peace.

The CHAIRMAN. Yes; but in making contracts with private manufacturers did you carry into those contracts provision touching the cancellation of the contract and the terms upon which the cancellation might be made?

Secretary DANIELS. I think they did. I did not examine those contracts myself.

The CHAIRMAN. My understanding was that the testimony before the Committee on Naval Affairs disclosed that that was not the situation except as to some recent contracts.

Secretary DANIELS. I think we followed the law all the way through.

Admiral PEOPLES. We have canceled in the neighborhood of \$50,000,000 of general contracts for supplies. That has been done by mutual consent between the contractors and the Government.

The CHAIRMAN. But that is different from what I am asking about. What I am asking now is what ought not to be a matter of doubt, because certainly these gentlemen who made the contracts ought to know whether the contracts did or did not carry clauses looking to their cancelization and the terms of such cancelization.

Admiral McGOWAN. The supply contracts did carry them.

The CHAIRMAN. In all instances?

Admiral McGOWAN. Yes, sir.

The CHAIRMAN. How about the others?

Admiral EARLE. The ordnance contracts carried a clause for cancellation in practically every instance based upon certain happenings, generally on unsatisfactory deliveries.

The CHAIRMAN. I am not speaking of cancellations of that kind.

Admiral EARLE. We attempted to incorporate a cancellation clause a short time before the close of hostilities, but in every case when we included that the contractor always estimated a higher price than we could pay, so that we preferred to leave that to mutual agreement at the end of the war.

The CHAIRMAN. So that you do not have in your contract a cancelization clause at the option of the Government, due to the cessation of hostilities?

Admiral EARLE. No, sir; the material would cost too much. It would be absolutely fatal to us.

BUILDINGS AT CAMPS, TRAINING STATIONS, AVIATION SITES, ETC.

SUSPENSION OF WORK.

The CHAIRMAN. Mr. Secretary, there is considerable work being done in the way of camps and in the way of enlarged facilities for manufacture of various forms of material. You have recited some of them. Broadly speaking, what is the attitude of the Navy Department touching the cessation of such work?

Secretary DANIELS. I have ordered all work that had not advanced so far that it was better to finish it than to stop to be stopped until we could work out the best plan to handle the matter.

The CHAIRMAN. Has any work been carried on under the theory that it was not good policy from a national standpoint to too suddenly cease Government work because of the influence it would have upon labor, etc.?

Secretary DANIELS. We have been guided solely in each case by the status of the money paid and the obligation. For example, we have a contract to build 112 of what we call the Eagle boat by Mr. Ford. We have closed that contract and they are to build 60. The material had been ordered for practically all of them but had not been delivered. We are reducing the number of destroyers we are building wherever we could; that is, where they had not advanced too far, so that it would be a loss of money to cancel the contract.

When we have a contract for a permanent place in the Navy we have not withdrawn that so rapidly, but we have shut down absolutely on the temporary places. We had many temporary training stations, aviation sites, etc. We have closed down all further work on those that were temporary, and those that were permanent we have reduced.

The CHAIRMAN. Now, you say "closed down"; do you mean that literally? Of course, everybody will argue, as everybody does argue, that we ought to continue a building because it is partially completed, although after we have finished it we will probably tear it down.

GREAT LAKES NAVAL TRAINING STATION.

Secretary DANIELS. No; if we do not need it we stop it. Now we have given orders to reduce even in places where in a large sense we ought to keep on. For example, at the Chicago training station we made a contract about two months before the armistice to still further enlarge that place so we could take in 10,000 more men. During the war we were always overcrowded at the training stations. We have ordered the men there to stop work on every building, even at that permanent place, that was not actually under construction. We have done the same thing at Newport, which is also a permanent station, and at Hampton Roads.

The CHAIRMAN. But suppose they were actually under construction, why would it not be advantageous to stop much of that work?

Secretary DANIELS. As a matter of fact, at those three places and at San Diego, with Quantico and Paris Island for the marines, we ought to look forward to those places as the permanent stations, which will be very large, and look to the stopping of all the rest of them.

The CHAIRMAN. You never expect to maintain the Great Lakes Naval Training Station at a capacity equal to what you have already obtained, do you?

Secretary DANIELS. No; but we contemplate always keeping it as the central station of all the Middle West for the schools of the Navy and for training.

The CHAIRMAN. But if you have already reached a capacity beyond your maximum for the future, why should you not stop adding anything to it?

Secretary DANIELS. Well, we are going to have a very large Naval Reserve, and I expect to be able to train men in these buildings during the summer. I think if you have a building two-thirds completed at a permanent station it is better to finish that building than to abandon it just as it is.

The CHAIRMAN. If you need the building; but if you have already more buildings than you are going to have men for—

Secretary DANIELS (interposing). But we have not more buildings than we have men if you keep 300,000 men in the Navy. My feeling about the Navy is that we shall make these technical schools so efficient that in 15 or 20 States in the Middle West we will send all the recruits there for training, and instead of having them there a few weeks we will have them for six months. During this war we have been in constant trouble with the medical authorities of the Navy because there was not as much space for each man as the best medical experts said there ought to be, and they contended that we ought to

have fewer men in a building, and we ought to have enough buildings to supply that space if we have already begun them. I think it would be a very unwise policy if we have a building at Chicago or Newport or Hampton Roads or San Diego to stop work on any building we are working on that has gone ahead far enough to be one-third completed. I think we ought to finish them because we will have need for them. By stopping them we will not save enough money to be of any consequence.

The CHAIRMAN. Of course, that is all dependent upon your predicate that you will have need for them.

Secretary DANIELS. Yes.

The CHAIRMAN. And that brings us back to the impression I had that you have now at the Great Lakes Training Station a housing capacity for a very much larger number of men than you ever expect to have there in peace times.

Secretary DANIELS. That will depend, Mr. Sherley, upon whether or not the peace conference resolves to have an international navy and to begin to decrease the navies——

The CHAIRMAN (interposing). I mean disregarding that.

Secretary DANIELS (continuing). Which I trust they will do; but if they do not and we have to continue to support a great Navy and the same conditions prevail as prevailed two years ago, then we will not have a single house too many at Chicago.

CHARACTER OF BUILDINGS.

The CHAIRMAN. In point of fact, the building that you are doing there is of a temporary character, is it not?

Secretary DANIELS. It is, when you compare it with buildings we erected before the war, but the buildings we are putting there will last 20 years.

The CHAIRMAN. The testimony before the committee when we were asking these questions was always that they were building the most temporary and cheapest character of buildings they could to deal with the present passing emergency.

Secretary DANIELS. That is absolutely true of all the stations that were to be temporary.

The CHAIRMAN. But we got that impression with reference to the naval training stations.

Secretary DANIELS. They are what is called temporary building. When we began the buildings, we could have built them of slabs, but if you build a building with the sanitary conditions and the heating facilities which you must have at Chicago, Hampton Roads, and Newport, particularly, you must construct a pretty solid building. We put up at Newport early in the war some buildings that were what you would really call temporary, and in the winter we had very difficult times, and so we had to decide that temporary buildings should be comfortable buildings, and when you build a wooden house that is comfortable, I would say that that building is good for 20 years.

STOPPING OF OVERTIME.

The CHAIRMAN. Mr. Secretary, in continuing work what arrangements, if any, have been made to stop overtime?

Secretary DANIELS. The day after the armistice was signed I had a conference with the Secretary of War and the chairman of the Ship-

ping Board, and each one of us sent a telegram that from that moment there should be no overtime in any naval, war, or Shipping Board establishment, nor by any contractor working for those departments. The only exception to that has been in the matter of overseas transport ships. When they come in and have to be loaded or unloaded or repaired, it is necessary to hurry them back to France to bring troops or to carry provisions. In these instances men are allowed to work overtime. Aside from that there is no overtime in the Navy anywhere.

The CHAIRMAN. How about Sunday work?

Secretary DANIELS. There is no Sunday work anywhere.

The CHAIRMAN. Have there been any of the continuing increases in the base pay of laborers, or have you stopped that?

Secretary DANIELS. We have not increased any pay since the last increase, which was before the armistice was signed.

The CHAIRMAN. What was the date of that?

Secretary DANIELS. The 1st of November. That was the last one that was made, and there has been none made since the armistice was signed. Of course, there was some dissatisfaction with the order reducing peremptorily and immediately everything to an eight-hour basis with no Sunday work. In some places and with some people it meant a reduction of 30 or 40 per cent, because men were working 10 hours a day and working on Sundays.

The CHAIRMAN. That reduction was in exact keeping with the basic principle of the labor unions, was it not?

Secretary DANIELS. It was; and with the basic principle of what I think is sound public policy. I think 90 per cent of the men employed were very glad of it and there was no trouble, and when the few who objected came to me I said, "This is a sound principle, and a principle that the Navy Department insisted upon before the war. We only departed from it during the war because of the emergency, and we have gone back to it at once, and we will make no exceptions at all except for the loading or unloading of the overseas transport service."

The CHAIRMAN. Mr. Secretary, since the signing of the armistice have you entered upon any new undertakings?

Secretary DANIELS. No, we have not.

The CHAIRMAN. Of any kind?

Secretary DANIELS. None of any character.

The CHAIRMAN. For any sort of material?

Secretary DANIELS. Nothing except the material to make ready for building ships. Of course, we buy the provisions for the Navy, but nothing else at all. On the contrary, we have been cutting down and decreasing everywhere, Mr. Chairman.

EXAMINATION REGARDING UNDESIRABLE AND UNNECESSARY MATERIAL.

The CHAIRMAN. Has any examination been made to ascertain to what extent you have got an accumulation now of undesirable or unnecessary material?

Secretary DANIELS. The very day after the armistice was signed the President signed an Executive order by which everything that we had and everything that all the departments had that was not needed should be turned over to the Supply Committee, composed of representatives of the different departments.

The CHAIRMAN: That was with regard to office supplies here in Washington?

Secretary DANIELS. Yes; we are taking an inventory of everything we have. In some departments we have very large supplies, and wherever that is so we are not buying any more.

REDUCTION OF CLERICAL FORCE.

The CHAIRMAN. Mr. Secretary, what has been done in connection with a reduction of the clerical force of the Navy?

Secretary DANIELS. I have issued directions to everybody in the Navy, navy yards, and naval districts, and everyone, to use every effort to reduce 25 per cent by the 1st of January, and they are all working toward that end. We have reduced considerably since the armistice. Of course, in some departments we can reduce more than others. Then, I intend every month to carry it on until we get it to a point—

Mr. EAGAN (interposing). A minimum of 25 per cent?

Secretary DANIELS. Yes; we hope to get it to 25 per cent by January. In some cases they can not make it by January. For instance, take the Bureau of Navigation; you would think you could reduce there immediately, but we do not demobilize in the Navy like they do in the Army. We are trying to let out of the Navy first the men who wish to leave, and I issued an order that all the young men who left college or school to enter the Navy should be released, so they could enter school after Christmas; also the men who had had dependents or were essential to industry. This involves a very great burden, because we probably have 200,000 applications and we can not let more than 100,000 go out now, and then some in January and some in February and some in March, and so on. In the Bureau of Navigation they have been busier since that work began than they were before, but we are doing that steadily and you can not expect to do it in a hurry without disorganizing things.

METHOD ADOPTED FOR DISCHARGE OF MEN.

(See pp. 347, 352.)

Mr. MONDELL. Mr. Secretary, in regard to the matter of discharged men, you are not discharging generally by organizations?

Secretary DANIELS. No.

Mr. MONDELL. You are reducing the Navy by letting out the men who you feel have excellent reasons for leaving the service. What do you require of such men in the way of evidence? That is a matter that comes before every one of us, because we are receiving appeals all the time, and we would like to be in position to know what to say to the man as to the evidence that it is necessary for him to submit.

Secretary DANIELS. You mean as to men in the naval service?

Mr. MONDELL. Yes; men in the naval service who claim they want to leave the service to go to school or that their presence is necessary at home on account of family conditions, or who have employment awaiting them and are badly needed in their communities.

Secretary DANIELS. Every station and every ship has directions to permit the discharge of 20 per cent, and the commanding officers are to go over the matter carefully and determine, after looking into it thoroughly, which men they shall let go first.

Mr. MONDELL. I have been notified by the War Department that in all of these cases affidavits must be presented by the men from the localities. What system is being followed in the Navy?

Secretary DANIELS. We have not required affidavits. For instance, most of our people are on a ship or at a shore station where the number is not very large, so that the captain or commandant can ascertain that fact, and if the person is known to be all right, I will leave that to the judgment of the captain or the commandant. They are working it out pretty well. Of course, I do not know that they are getting them out as fast as they would like.

Mr. MONDELL. Members of Congress individually—speaking for myself, and I presume other Members are following the same policy—have hesitated to make any suggestions or recommendations in matters of this sort. We have assumed the Navy would take it up in due course and through proper channels, but in some cases we are entirely familiar with a man's circumstances, with the conditions surrounding him at home, and I have wondered if there would be any objection in a case of that kind to a Member stating those facts of his knowledge.

Secretary DANIELS. No; on the contrary, we would invite that as an evidence that the man's application really ought to entitle him to go out before somebody else.

Mr. EAGAN. To whom should those letters go—to the commanding officer?

Secretary DANIELS. To the Bureau of Navigation. The policy we are pursuing about that is this: A commandant or captain might not always exercise good judgment as to those that they let out or desire to release. Of course, they are reported to the department in due course, and all they reject are sent to the department, and I have instructed the officer in charge to go over such reports. After we have let the 20 per cent out by the action of the captain or commandant, then all the rejections are sent here, and I am instructing our officers to go over them carefully, because some mistakes may have been made. For instance, if you or anybody else says, "Here is a man who has been rejected because the captain did not know all the facts," the Bureau of Navigation will review that case. It is a very laborious and very difficult duty, but I am anxious that the men should go out who should be released up to the extent of 200,000 men. We are letting nobody go out who is in Europe except as the ships come back. Our ships are coming back pretty rapidly from Europe.

Mr. MONDELL. Of course, it takes some little time after an application has been made?

Secretary DANIELS. Yes. The status of a man after the war must be fixed. He must be examined and the doctor must pass upon him, and that man's record must be complete, so that 50 years hence you can look up his record. That takes some time.

Mr. EAGAN. I talked with some of these men at my home and one said that he was doing absolutely nothing, and that there were quite a number of others who were in the same position.

Secretary DANIELS. Of course, it is true that since the armistice there has been a let-up. Did the man say that they were doing absolutely nothing?

Mr. EAGAN. That was my understanding.

Secretary DANIELS. Not doing hard naval work. For instance, the Bureau of Intelligence, which, during the war, was a very large service, primarily looking after espionage, has been cut down very materially, and by the 1st of January we will have a very small service.

Mr. EAGAN. This man was at New London.

Secretary DANIELS. We have had the submarine base and most all of the experiments there regarding submarines, and I think most of them are pretty busy.

Mr. BYRNES. It is true that many of the men who were formerly busy men in civil life have complained that since the armistice they are doing nothing. One man who performed service in the Pay Corps and who had formerly been the cashier of a bank said about the same thing.

Secretary DANIELS. That he was doing nothing.

Mr. BYRNES. Yes, sir.

HOUSING IN WASHINGTON.

The CHAIRMAN. Mr. Secretary, what about the housing of your personnel here in the District of Columbia, are you now entirely in the new Navy Building at Seventeenth and B Streets?

Secretary DANIELS. We are entirely in the Navy Building, except the Marine Corps, the Hydrographic Office, and the Examining Board, which is in Corcoran Courts.

The CHAIRMAN. How soon do you expect to be able to give up the other buildings?

NAVY ANNEX.

Secretary DANIELS. We have a lease on the building that was built for us, what we call the Navy Annex, which expires in March, 1923. We ought to be able to put all of those people in the new Navy Building by the 1st of July. I say that, because I do not think the Marine Corps will agree with me, but by reducing the force as we will, we ought to be able by the 1st of July to house everything in the Navy Building and in Corcoran Courts for which we pay \$1,200 per year for the land. That will enable us to cut off all rent for the Navy on the 1st of July.

The CHAIRMAN. Is your lease on the Annex cancelable?

Secretary DANIELS. It is a 10-year lease.

The CHAIRMAN. Yes; but is it cancelable?

Secretary DANIELS. I never read it.

The CHAIRMAN. What do you pay?

Secretary DANIELS. Mr. Roosevelt had charge of that. We are paying \$40,000 a year for the building. The Marine Corps pays \$10,000 and the Navy pays \$30,000.

The CHAIRMAN. What is that a square foot?

Mr. REED. There are about 105,000 square feet at a total annual rental of \$40,000. That does not include heat, light, or janitor service.

The CHAIRMAN. You are paying 38 cents?

Mr. REED. Yes, sir.

The CHAIRMAN. You have in your new building, of course, very much more space than you ever had prior to the war?

Secretary DANIELS. Yes; we have very much more space. Prior to the war the Navy Department was scattered worse than any department in Washington. We have expanded. We have gotten very good space in a very solid building. It is the one building built in Washington during the war that is so well built that we can occupy it for many years. It is built of concrete, well built, and was constructed probably less expensively than any building of its kind during the war. It is a splendid building and well arranged. It brings us all together and is a very satisfactory building.

NITRATE PLANT, INDIAN HEAD.

Mr. MONDELL. In the matter of the nitrate plant at Indian Head, Mr. Secretary, I understand that that work has been suspended and that arrangements have been made with the contractor or the contractors so that that matter is entirely adjusted and requires no further adjustment?

Secretary DANIELS. It has been entirely adjusted. The Bureau of Ordnance made arrangements which were very satisfactory to the contractor.

T. N. T. PLANT IN WISCONSIN.

Mr. MONDELL. Is that true with regard to the T. N. T. plant in Wisconsin?

Secretary DANIELS. Yes; the same thing is true there.

Mr. MONDELL. In the main, that is true of all these larger enterprises which you have discontinued?

Secretary DANIELS. I think that is true of all of them in your bureau, Admiral?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What is the practice which you follow in connection with the cancellation of contracts and agreed settlements?

Admiral EARLE. We do that in our bureau. We refer the final agreement to the Solicitor and get his opinion on it, and when he says it is satisfactory, we have the contractor agree with us.

The CHAIRMAN. You always have, then, a written settlement; the paper being finally signed is approved by the law officer of the Navy Department?

Admiral EARLE. Yes, sir. We do not take it before the Secretary until it has been approved by the law officer. Each one of these settlements has always been approved.

Mr. MONDELL. Is that true with regard to all of your settlements where contracts are suspended?

Admiral EARLE. In Ordnance, yes, sir.

Secretary DANIELS. I think that is true of all of them.

Admiral PEOPLES. That applies to the Bureau of Supplies and Accounts; a release is given by the contractor before the adjustment has been finally made.

Mr. MONDELL. You have a final settlement of all of those things, so that there will be no future ground for claim?

Secretary DANIELS. That is the rule.

The CHAIRMAN. Does that settlement carry with it an estoppel on the part of the Government as well as on the part of the person with whom the Government makes the settlement?

Admiral PEOPLES. Practically. He releases the Government from all claims that might have arisen out of the contract by reason of changes or cancellations.

The CHAIRMAN. Is the Government estopped from making a claim due to the ascertainment of any shortage of material supplied or defective material, or anything of that kind? In other words, is it a complete estoppel on both sides?

Admiral PEOPLES. No, sir. If anything was discovered wrong in any way the Government could take action.

The CHAIRMAN. I am not speaking of fraud. Fraud, of course, under the law, would open up any settlement, but other than fraud, is your settlement a complete estoppel on both sides?

Admiral PEOPLES. In the case of material, the material is inspected right then and there by the representative of the Navy Department and is either accepted or rejected, as the case may be. In other words, the deal is closed at that time.

MONDAY, DECEMBER 23, 1918.

BUREAU OF SUPPLIES AND ACCOUNTS.

**STATEMENTS OF REAR ADMIRAL SAMUEL MCGOWAN, CHIEF,
ACCOMPANIED BY MR. CLYDE REED AND ENSIGN R. D.
VINING.**

PAY, MISCELLANEOUS.

The CHAIRMAN. Admiral, you have had \$8,535,500 under the heading of "Pay, miscellaneous," and you seem to have expended as of November 1, \$8,680,908.42, which indicates a deficiency of \$145,408.42, with a further unpaid obligation of \$3,732,294.04, making a total deficiency of \$3,877,692.46, and an estimated deficiency of \$8,601,689.13.

Mr. REED. Yes, sir. That deficiency is actually under the 1918 appropriation, and there is an indicated deficiency under 1919 which is due to the increase in personnel and to some increase in the district activities requiring more buildings than we originally estimated for on a rental basis.

The CHAIRMAN. This deficiency of \$8,601,689.13 is a 1918 deficiency?

Mr. REED. No; part of it is 1918 and part will be incurred in 1919.

The CHAIRMAN. How much of it is an actual 1918 deficiency?

Mr. REED. The 1918 deficiency is \$1,648,502.72.

The CHAIRMAN. What is creating this deficiency for 1919 of \$7,000,000?

Mr. REED. That amount, there, Mr. Sherley, we found could be reduced by approximately \$1,000,000, so that the total estimated deficiency will be \$7,648,502.72 instead of \$8,601,000, which is a reduction of about \$951,000.

The CHAIRMAN. What comes under "Pay, miscellaneous"?

Mr. REED. The general objects are mileage and traveling expenses of officers, rent of buildings, traveling expenses of civilians, postage, telephone and telegraph, loss on exchange, miscellaneous expenses of

naval districts, expenses of prisons, prisoners, courts-martial and courts of inquiry, maintenance of attachés and cost of special instruction of officers, pay of certain classified employees in navy yards, and the collection of information at home and abroad. We have here an analysis in detail showing the amounts originally estimated under those general heads for 1918 and 1919, with the total appropriations. Then, the actual expenditures reported to Supplies and Accounts as of November 1 under these subheads, with the unpaid obligations under those subheads, and a further statement showing the total amounts which will be required under 1919 for the remainder of the fiscal year.

MILEAGE AND TRAVELING EXPENSES OF OFFICERS.

The CHAIRMAN. Taking up the first general head, "Mileage and traveling expenses of officers," you seem to have incurred deficiencies both in 1918 and 1919 totaling \$1,090,439.61.

Mr. REED. Yes, sir; that subhead is now overobligated to that amount.

The CHAIRMAN. And you evidently figure there is going to be an additional deficiency in the 1919 appropriation which will bring your total to \$2,610,044.77.

Mr. REED. Yes, sir.

The CHAIRMAN. Well, what is the explanation? How did you come to so completely miss all of your estimates? You gentlemen usually ask all that you want and get it.

Mr. REED. No; the estimates were prepared on the basis of about half the number of officers that we actually have in the service for this fiscal year. The original estimates for "Pay, miscellaneous," were prepared in October, 1917, when it was contemplated there would be something like 10,000 officers in the Navy, whereas at the time of the signing of the armistice we had approximately 35,000 officers in the Navy.

The CHAIRMAN. Of course, you are now reducing your officers very rapidly.

Mr. REED. The reduction in the number of officers, however, is not going to reduce the expenditure for mileage in that the more rapidly they demobilize the officers the greater expense there will be for mileage and expenses to their homes.

The CHAIRMAN. Of course, you can make mileage about as expensive as you want to make it. It all depends on what economy you use in connection with mileage and traveling expenses.

Mr. REED. The orders to officers, of course, emanate from the Bureau of Navigation.

The CHAIRMAN. I understand they do, but the Treasury still pays them wherever they emanate.

Mr. REED. Yes, sir; and this is our best judgment as to the amount that will be required.

The CHAIRMAN. What do you figure for the balance of the year?

Mr. REED. \$1,680,000 will be required for the remainder of the year, to which is to be added the \$930,000 deficiency already incurred under that subhead.

The CHAIRMAN. That would not help you. You have already a deficiency now.

Mr. REED. I mean we need \$930,000 to make good the deficiency. and in addition will require \$1,680,000.

The CHAIRMAN. But you have incurred a deficiency already of \$1,090,000.

Mr. REED. That is under both of them. One hundred and sixty thousand dollars is the deficiency under 1919.

The CHAIRMAN. So you are figuring then on practically a little over \$1,500,000 for the balance of the year?

Mr. REED. Yes, sir.

The CHAIRMAN. On what basis?

Mr. REED. On the basis of previous expenditures. The actual payments for the first four months of this fiscal year were \$760,000. and for the last eight months it will run approximately the same.

The CHAIRMAN. Why?

Mr. REED. Because we will have the officers traveling on duty and to their homes.

The CHAIRMAN. But you will have fewer officers.

Mr. REED. But if we send them to their homes it will cost from \$50 to \$75 on an average for each officer demobilized or discharged from the service.

RENT OF BUILDINGS.

The CHAIRMAN. In the next item, "Rent of buildings," you had a surplus of \$266,655.80 from 1918 and under the terms of the navy act that was made available for 1919.

Mr. REED. Yes, sir.

The CHAIRMAN. And notwithstanding that, you now show a deficiency in 1919 of \$1,948,418.43, which credited with the surplus from 1918, leaves a net deficiency of \$1,661,762.63.

Mr. REED. Yes, sir. We estimate that by the cancellation of certain leases which can be given up—and we have already given up some of the small ones—between now and the 1st of July, that the amount required for the last eight months will be \$1,563,000, from which, taking the \$266,000 brought forward from the last year would make a net deficiency under that subhead for the year of about \$1,300,000.

The CHAIRMAN. Then your present statement of a present deficiency of \$1,661,000 is not accurate?

Mr. REED. That is shown by the records of the obligations outstanding.

The CHAIRMAN. But that is not the deficiency.

Mr. REED. That is the obligation. That is the overobligated balance if there were no cancellations of contracts.

The CHAIRMAN. How much money have you on hand now under rent of buildings?

Mr. REED. The outstanding obligations unpaid as of November 1 were \$2,149,000; that is, that was the amount we were obligated to pay, assuming all the leases were continued.

The CHAIRMAN. How much cash have you on hand?

Mr. REED. We have a deficiency. As a matter of fact, the whole appropriation is deficient.

The CHAIRMAN. What character of rents does this cover?

Mr. REED. It covers office buildings, piers, storage spaces, offices for various district activities, and the cable censor's office at New York.

The CHAIRMAN. It does not cover any buildings in the District of Columbia, does it?

Mr. REED. No, sir.

The CHAIRMAN. You are sure of that?

Mr. REED. We have had to rent certain offices for certain outside activities from "Pay, miscellaneous," here in the District of Columbia.

The CHAIRMAN. How much is for the District of Columbia?

Mr. REED. All obligations for rent of buildings in the District of Columbia have been canceled and we are moving into the new Navy Building. The amount would run between three and four thousand dollars for the Communications Service in the Southern Building.

The CHAIRMAN. Was that the only building?

Mr. REED. The Southern Building, and I think we had a few rooms for them in the Woodward Building. There were very few offices rented under this appropriation, and they were offices for certain of the outlying activities of the naval service.

The CHAIRMAN. What was the total amount of your rental obligations on an annual basis?

Mr. REED. About \$2,939,000.

The CHAIRMAN. How did you happen to get such a large rent roll?

Mr. REED. It was necessary to take over the various offices for the district activities, for instance, the Commonwealth Pier at Boston cost us \$196,000 a year, although we have since made an arrangement with the Army which will account for part of the saving, by which they will reimburse us about two-thirds.

The CHAIRMAN. You had a very large building in New York.

Mr. REED. We had a pier at Thirty-third Street, Brooklyn, for the provision and clothing depot, which is costing \$310,000, and we also have the Somers factory for the provisions and clothing depot, which costs \$161,000.

The CHAIRMAN. You had a very large office building in New York?

Mr. REED. That is at 280 Broadway; and is the district headquarters. That is costing about \$200,000 a year.

The CHAIRMAN. You never had it filled, did you?

Mr. REED. Yes, sir; they are continually calling for more space.

The CHAIRMAN. Are you going to keep that building now?

Mr. REED. Part of it will have to be kept for the district headquarters as long as they maintain a district organization there, although there will be a considerable part of the space given up before the 1st of July.

The CHAIRMAN. What have you planned to release?

Mr. REED. Specifically, a number of the smaller buildings for different sections all around the different districts are being given up as rapidly as they can demobilize the Naval Reserve. One of the biggest things we expect to give up is the Commonwealth Pier which will be given up about the 1st of April.

The CHAIRMAN. You have already submitted your estimates for next year?

Mr. REED. Yes, sir.

The CHAIRMAN. What do you expect to pay in rent?

Mr. REED. We will pay about \$500,000 a year. One of the other things we will give up will be the Somers factory at New York, which we will give up about the 30th of June, and one of the piers at Thirty-third Street will be given up as soon as we can get an Army pier,

which will not be until they finish bringing the troops back. The rental of the land there on which the present provisions and clothing depot is located is rented from the city of New York at \$161,000, and we will have to retain that because under the terms of the lease the property will revert to New York City when we give it up, and as there is no space for a depot in the yard it probably will have to be retained indefinitely. The wharf at Boston costs \$33,000 a year, and is now used for miscellaneous storage and will be given up toward the end of this fiscal year. We have a pier at Philadelphia, Pier 19, used for the district supply department, which will be given up toward the end of this year. We have offices for the district commandant at Twelfth and Chestnut Streets, in Philadelphia, which will have to be retained as long as the district organization is retained.

The CHAIRMAN. Why should not that be at the navy yard?

Mr. REED. There is no space there for the offices at this time, sir.

The CHAIRMAN. Suppose you place in the record the buildings you have rented, the amount you are paying for them, and when you expect to give them up.

Mr. REED. Yes, sir.

List of leases and rentals of land and buildings for naval purposes.
APPROPRIATION: "NAVAL TRAINING CAMPS."

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
NINTH, TENTH, AND ELEVENTH NAVAL DISTRICTS.				
Land and buildings of Chicago Tel. Co., North Chicago, Ill.	Addition, Great Lakes Training Camp	\$12,000.00	June 30, 1919-20	
Land and buildings, property of—	do.	3,600.00	do.	\$87.50
Leader Card Works, North Chicago, Ill.	do.	150.00	Nov. 4, 1918	350.00
City of North Chicago, Ill.	do.	600.00	do.	17.50
Arthur H. Johnson, North Chicago, Ill.	do.	30.00	do.	17.50
Howard Amsteden, North Chicago, Ill.	do.	30.00	do.	35.00
Theo. H. Durst, North Chicago, Ill.	do.	60.00	do.	126.00
Herman Pix, North Chicago, Ill.	do.	2,225.04	June 30, 1919-20	87.50
Commissioners Fess Park District, North Chicago.	do.	216.00	Nov. 4, 1918	17.50
Joliet National Bank, Woodland Bluff.	do.	150.00	do.	294.00
Augustin C. H. Kraft, Woodland Bluff.	do.	30.00	do.	35.00
Franklin A. Martin, Bord du Lac Bluffs.	do.	60.00	do.	35.00
Richard H. Morrow, Bord du Lac Bluffs.	do.	504.00	do.	1,183.00
C. A. Newcombe, trustee, Bord du Lac Bluffs.	do.	30.00	do.	777.00
America & Posey Patent, North Chicago.	do.	2,028.00	do.	35.00
Mrs. Lydia Peck and Helen E. Griggs, Bord du Lac Bluffs.	do.	1,332.00	do.	35.00
Malcom S. Phillips, Bord du Lac Bluffs.	do.	60.00	do.	17.50
Do.	do.	60.00	do.	52.50
Emil Rudert, Bord du Lac Bluffs.	do.	30.00	do.	70.00
Jos. K. Russell, Bord du Lac Bluffs.	do.	30.00	do.	28.25
William A. Witt, Bord du Lac Bluffs.	do.	30.00	do.	42.75
David H. and Eliza A. Wells, Woodland Bluffs.	do.	30.00	do.	35.00
Charles A. Clonchard, Bord du Lac Bluffs.	do.	90.00	do.	50.50
Christian Jensen, Bord du Lac Bluffs.	do.	30.00	do.	17.50
John Sherwin, Bord du Lac Bluffs.	do.	120.00	do.	70.00
Milton F. and Clara L. Biddlecom, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Charles F. and Ethel May Whitney, Bord du Lac Bluffs.	do.	45.00	do.	28.25
David E. Clarke, Bord du Lac Bluffs.	do.	84.00	do.	35.00
Anna E. Horning, Bord du Lac Bluffs.	do.	54.00	do.	42.75
Alex. Alfano, Bord du Lac Bluffs.	do.	30.00	do.	35.00
William A. Johnson, Woodland Bluffs.	do.	30.00	do.	17.50
Fred Wilson, Bord du Lac Bluffs.	do.	102.00	do.	50.50
Beatrice Laver, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Charles H. Yomans, Bord du Lac Bluffs.	do.	33.60	do.	19.60
Mathew Shumers, Woodland.	do.	30.00	do.	17.50
C. A. Newcombe, trustee, Bord du Lac Bluffs.	do.	4,980.00	do.	2,905.00
Thomas Byrne.	do.	10,920.00	do.	
Chicago Hardware Foundry Co.	do.	1.00	June 30, 1919-20	58
	do.		Nov. 4, 1918	

List of leases and rentals of land and buildings for naval purposes—Continued.
 APPROPRIATION "NAVAL TRAINING CAMPS."—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
NINTH, TENTH, AND ELEVENTH NAVAL DISTRICTS.—con.				
Lands and buildings, property of.—Continued				
George Hendrick.....	Addition, Great Lakes Training Camp.	\$1,500.00	Nov. 4, 1918.	\$875.00
C. A. Neumann, Jr., trustee.....	do.	4,800.00	do.	2,800.00
Frank H. Tomlinson, Bord du Lac Bluffs.....	do.	7,200.00	do.	4,200.00
American Steel & Wire Co.....	do.	1,800.00	do.	1,000.00
Estate of George R. Lyon.....	do.	120.00	do.	70.00
L. F. McClemon.....	do.	1,000.00	do.	583.33
Frank N. Tomlinson, agent Bord du Lac Bluffs.....	do.	641.28	do.	374.08
Do.....	do.	1,194.72	do.	696.92
J. S. Jennings and Mary E. Eltes, Bord du Lac Bluffs.....	do.	60.00	do.	35.00
Malcom S. Phillips, Bord du Lac Bluffs.....	do.	24.00	do.	14.00
Sam and Petrina Renicella, Bord du Lac.....	do.	18.00	do.	10.50
F. W. Churchill, Bord du Lac.....	do.	30.00	do.	17.50
William E. Albright, Bord du Lac.....	do.	60.00	do.	35.00
Joseph A. Jadrick, Bord du Lac.....	do.	30.00	do.	17.50
Frank W. Tomlinson, Bord du Lac.....	do.	60.00	do.	35.00
Mike Smole, Bord du Lac.....	do.	30.00	do.	17.50
Elizabeth and Jane Minor, Bord du Lac.....	do.	480.00	do.	280.00
John Sherwin, Bord du Lac.....	do.	410.04	do.	239.19
Do.....	do.	60.00	do.	35.00
Clara S. Davenport, Bord du Lac.....	do.	540.00	do.	315.00
John Greenwood, Bord du Lac.....	do.	24.00	do.	14.00
Adelphine Cornish, Bord du Lac.....	do.	480.00	do.	280.00
Adolphus C. Adams, Bord du Lac.....	do.	30.00	do.	17.50
Charles Adams, Bord du Lac.....	do.	30.00	do.	17.50
Mary A. T. Mason and Sarah E. Pierce, Bord du Lac.....	do.	30.00	do.	17.50
William H. Murphy, Bord du Lac Bluffs.....	do.	30.00	do.	17.50
Francis Winchester, Bord du Lac Bluffs.....	do.	30.00	do.	17.50
Emil Erdert, Bord du Lac.....	do.	315.00	do.	183.75
Robert Kraft, Woodland Bluffs.....	do.	180.00	do.	97.50
C. P. Peterson, Woodland Bluffs.....	do.	30.00	do.	17.50
G. P. Anderson, Woodland Bluffs.....	do.	30.00	do.	17.50
William McLaren, Woodland Bluffs.....	do.	30.00	do.	17.50
Arthur H. Jacobson, Woodland Bluffs.....	do.	30.00	do.	17.50
Anna E. Kraft, Woodland Bluffs.....	do.	30.00	do.	17.50
F. A. Voss, Woodland Bluffs.....	do.	240.00	do.	140.00
Charles J. P. Kraft, Woodland Bluffs.....	do.		do.	

C. Denver, Woodland Bluffs.....
 William Dudley, Woodland Bluffs.....
 David L. Neely, Woodland Bluffs.....
 Charles J. Noel estate.....

do.....
 do.....
 do.....
 do.....

30.00
 2,000.00
 1,000.00
 2,600.00

17.00
 1,000.00
 1,583.33
 1,517.66

FIRST NAVAL DISTRICT.

Land and buildings, Harvard University, Cambridge, Mass.....

Naval radio school.....

June 30, 1919.....

.....

EIGHTH NAVAL DISTRICT.

Land and buildings, Gulfport, Miss.....

Naval training camp.....

June 30, 1919.....

.....

Total.....

15,000.00

.....

APPROPRIATION, "NAVAL EMERGENCY FUND (STEAM ENGINEERING)."

EIGHTH NAVAL DISTRICT.

Radio station, Mobile, Ala.....

Station space (Battle House Hotel), including light and power.....

June 30, 1919-20.....

.....

Radio station, Galveston, Tex.....

Rent of office and station space.....

240.00

.....

TWELFTH NAVAL DISTRICT.

Radio shop, Pier 32, San Francisco, Cal.....

Garage rent for auto truck.....

90.00

.....

Radio station, Adams Hotel, Phoenix, Ariz.....

Office rent.....

300.00

.....

Premises of Los Angeles Shipbuilding & Dry Dock Co., San Pedro, Cal.....

Quarters for new radio office, San Pedro.....

367.50

.....

Class A Building, 435 to 441 Mission Street, San Francisco, Cal.....

Office for 104 months.....

1,050.00

.....

Radio station, 449 Beach, San Francisco, Cal.....

Rent of property for 94 months.....

1,187.50

.....

Radio station, 435 Englewood, Cal.....

Rent of property for 94 months.....

1,525.00

.....

San Francisco Building (Class C, 41 Drum Street, Crowley Co.).....

Rent of property for 94 months.....

1,500.00

.....

Total.....

6,560.00

125.00

APPROPRIATION, "NAVAL EMERGENCY FUND (SUPPLIES AND ACCOUNTS)."

FIRST NAVAL DISTRICT.

Mystic, wharf docks, warehouses.....

Storehouse for supply department.....

\$73,278.00

.....

Two-thirds space given up May 1, 1919; remainder retained until June 30, 1919.

\$8,300.00

See notes and conditions on back page of each volume submitted
 APPROPRIATION, "NAVAL EMERGENCY FUND, SUPPLIES AND REPAIRS," Approved

Item.	Project.	Amount	Estimated to	Actual to
THIRD NAVAL DISTRICT.				
Great Eastern Storage, Transportation & Wrecking Corporation, Troy, N. Y.	Storage space for food	\$5,000.00	Apr 1, 1910	\$1,500.00
Office in Delaware, Lackawanna & Western train shed, Buffalo, N. Y.	Office	\$20.00		
Warehouse, Jersey City, N. J.	Storage space for food	1,000.00	Apr 1, 1910	800.00
Buffalo Cold Storage Co., Buffalo, N. Y.	do	50,000.00	Nov 1, 1910	15,000.00
FOURTH NAVAL DISTRICT.				
Twenty-fifth and Ellsworth Streets, Philadelphia, Pa.	Buildings 4, 5, and 6	10,000.00	Apr 1, 1910	1,000.00
FIFTH NAVAL DISTRICT.				
Locust Point, Md.	Pier 3, sections 3 and 4, warehouse	15,000.00	1900 to 1910 40	
Do.	Pier 3, sections 1 and 2, warehouse	15,000.00	do	
Cathole Dock, Portsmouth, Va.	do	2,000.00	do	
SEVENTH NAVAL DISTRICT.				
Storehouse, Mallory Steamship Co., Key West, Fla.	For storehouse	0,000.00	1900-00, 1910 40	
Total.....		100,000.00		46,000.00
APPROPRIATION, "NAVAL EMERGENCY FUND (CO. 1910-1911)"				
FIRST NAVAL DISTRICT.				
Boston Fiske Pier.....	Wharf, shed, dock, and office	\$50,000.00	1910 1, 1910	\$4,000.00
FOURTH NAVAL DISTRICT.				
Pier 27, North Wharves near Willow Street, Delaware River, Philadelphia.	Supply depot for dry-cases & transportation Division	50,000.00	1900-00, 1910 40	
Total.....		100,000.00		4,000.00

APPROPRIATION, "ENGINEERING, 1919."

SECOND NAVAL DISTRICT.				
(Greenwich Piers for crushing samples of coal.....		From November for balance of fiscal year 1919.....	\$80.00	June 30, 1919-20.....
FIFTH NAVAL DISTRICT.				
Lot adjoining Radio Station, Va.....		To construct fence for protection.....	110.00	Jan. 1, 1919.....
Total.....			190.00	\$55.00
				55.00

APPROPRIATION, "PAY OF THE NAVY."

FIRST NAVAL DISTRICT.		Residence, commandant. Quarters, officers, Favorite, while ship was being repaired.	June 30, 1919-20 Jan. 1, 1919.....	\$3,000.00 600.00 \$300.00
SECOND NAVAL DISTRICT.				
207 Broadway, Newport, R. I.....		Residence, Nurses Corps.....	June 30, 1919-20.....	1,500.00
10 Catherine Street, Newport, R. I.....		do.....	do.....	6,000.00
FOURTH NAVAL DISTRICT.		Residence, Nurse's Corps do..... do..... do.....	June 30, 1919-20.....	780.00
308 South Street, Philadelphia.....			do.....	1,800.00
2400 Spruce Street, Philadelphia.....			do.....	600.00
2402 Spruce Street, Philadelphia.....			do.....	2,100.00
2342 Fitz Water Street, Philadelphia.....				
FIFTH NAVAL DISTRICT.		Nurse's quarters do..... Residence, Nurse's Corps. do..... do..... do.....	June 30, 1919-20.....	492.00
2 rooms, 1 Street N.W., Washington, D. C.....			do.....	456.00
2 rooms, 1237 K Street N.W., Washington, D. C.....			do.....	1,380.00
329 North Street, Portsmouth Station, Va.....			do.....	900.00
200 Middle Street, Portsmouth Station, Va.....			do.....	3,516.00
720 Park Avenue, Portsmouth Station, Va.....			do.....	1,680.00
7 Boulevard, Portsmouth Station, Va.....				
SIXTH NAVAL DISTRICT.		Residence, Nurses' Corps (including boat and light).....	June 30, 1919-20.....	2,700.00
Third Street and Cambrin Street, Charleston, S. C.....				
FOURTEENTH NAVAL DISTRICT.		Quarters, Hospital Corps. Quarters for nurses.....	do.....	240.00
St. Thomas, V. I.....			do.....	600.00
Tutuila, Samoa.....				
Total				98 344 00
				300 00

List of leases and rentals of land and buildings for naval purposes—Continued.

APPROPRIATION: "FUEL AND TRANSPORTATION."

Location.	Purpose.	Annual rental.	To be rented to.	Sea lines in rentals.
FIRST NAVAL DISTRICT.				
Bar Harbor, Me.....	Wharfrage space, Spratt Wharf (coal).....	\$98.96	Jan. 4, 1919.....	\$41.65
Rockland, Me.....	Wharfrage space, Atlantic Wharf (coal).....	200.00	Jan. 8, 1919.....	83.33
New England Coal & Coke Co., Everett, Mass.....	Storage of coal, first naval district.....	136,200.00	June 30, 1919-20.....	
Metropolitan Coal Co., Boston.....	do.....	113,500.00	do.....	
Coal-handling plant, Casner, Curin & Balbitt, Boston, Mass.....	do.....	34,050.00	do.....	
Maritime Coal Co., Boston.....	do.....	22,700.00	do.....	
Staples Coal Co. Wharf, Boston.....	Handling and storing of fuel.....	18,000.00	do.....	
THIRD NAVAL DISTRICT.				
Constable Hook Bay, N. J.....	Use of substation.....	26,500.00	do.....	
Property of Bethlehem Steel Co.....	Machine shops, etc., for handling of fuel.....	8,787.50	do.....	
FIFTH NAVAL DISTRICT.				
13 acres at Curtis Bay, Md. (Baltimore).....	For handling fuel.....	1,560.00	July 1, 1919.....	
Building, Sewells Point, Norfolk, Va.....	For coal crushing.....	120.00	June 30, 1919-20.....	
Newport News, Va.....	Building for coal-crushing plant.....	108.60	do.....	
Lamberts Point, Va.....	Building for coal-sampling house.....	120.00	do.....	
Newport News, Va.....	C. & O. Pier 10, for supply department.....	6,000.00	do.....	
Sewells Point, Va.....	Land for wash room, supply department.....	1.00	do.....	
Plant, Standard Oil Co., Sewells Point, Va.....	Handling and storing fuel oil.....	30,000.00	do.....	
SIXTH NAVAL DISTRICT.				
1,379 acres of land, property of Southern R. R. Co., Charleston, S. C.....	Storing of fuel.....	1,200.00	June 30, 1919-20.....	
16 acres of land, Charleston, S. C.....	do.....	150.00	do.....	
1.2 acres of land, Maybank Fertilizer Co., Charleston.....	do.....	7,200.00	do.....	
THIRTEENTH NAVAL DISTRICT.				
Houquiam, Wash.....	Dock for coal storage, first quarter.....	45.00	July 1, 1919.....	
do.....	Dock for coal storage, second quarter.....	45.00	do.....	
Yokohama, Japan.....	Lots 111 and 112, Navy coal depot.....	130.00	June 30, 1919-20.....	
Red Barracks Wharf, Saint George, Bermuda Islands.....	Storing of fuel.....	10,000.00	June 30, 1918.....	10,000.00
Tiger Bay Co., Saint George, Bermuda Islands.....	do.....	36,000.00	June 30, 1919-20.....	
Total.....		468,715.06		10,124.98

APPROPRIATION "CONTINGENT, MEDICINE AND SURGERY."

THIRD NAVAL DISTRICT.			
235 Pear Street, Brooklyn, N. Y.			
34-36-38 Franklin Avenue, Brooklyn, N. Y.			
		Garage space.....	\$520.00
		Space for medical and surgical supplies.....	1,760.00
			June 30, 1919-20.....
			do.....
FOURTH NAVAL DISTRICT.			
2017 South Twelfth Street, Philadelphia, Pa.		Garage space.....	292.00
			do.....
FIFTH NAVAL DISTRICT.			
Fifth naval district.....			
720 Seventeenth Street, N.W., Washington		Garage for ambulance.....	71.00
Washington, D. C.		Rental of dispensary.....	1,200.00
Do.....		Garage space.....	240.00
		do.....	250.00
			July 1, 1919.....
			Jan. 1, 1919.....
			June 30, 1919-20.....
Total.....			4,653.00
			120.00

APPROPRIATION, "PAY, MISCELLANEOUS."

FIRST NAVAL DISTRICT.				
4 rooms, Broderick Block, Bar Harbor, Me.				
Parish Hall, Eden, Me.				
243 Maine Street, Bar Harbor, Me.		Section base.....	\$300.00	Mar. 1, 1919.....
Battery Wharf.....		Barracks.....	420.00	do.....
Part of Nickerson Block, Boothbay Harbor, Me.		Dispensary.....	240.00	do.....
Land, building, Machiasport, Me.		District supply department.....	36,000.00	May 1, 1919.....
Lloyd, Me.		Section headquarters.....	240.00	Mar. 1, 1919.....
378 Commercial Street, Provincetown, Mass.		do.....	12.00	do.....
325 Commercial Street, Provincetown, Mass.		do.....	3,900.00	do.....
325 Commercial St., Provincetown, Mass.		Dispensary.....	600.00	do.....
Office building, Eastern Steamship Line (Inc.), Boothbay Harbor, Me.		Commissary store.....	240.00	do.....
605-609, 611, 613, 615 Maine Street and Henderson Wharf, Lockland, Me.		Section base office and storeroom.....	240.00	do.....
607 Maine Street, Lockland, Me., first floor.		Storeroom.....	420.00	do.....
3 West Street, Bay Harbor, Me.		Section supply and commissary store.....	600.00	do.....
Second and third floors and barn, Main Street, Machias, Me.			1,500.00	do.....
Commonwealth Pier 5, South Boston, Mass.		Section base.....	120.00	do.....
Park room at Camera Club, Boston, Mass., Y. M. C. U.		Sick bay.....	540.00	do.....
Room 1033, Little Building, Boston, Mass.		Section base, July 1 to Sept. 1.....	45.00	do.....
Rooms 1048-1049, Little Building, Boston, Mass.		Headquarters for receiving ship, N. O. T. S.....	175,000.00	May 1, 1919 (Army pays two-thirds).
Lewis Building, Commercial Street, Boothbay Harbor, Me.		District photographer.....	6.00	Mar. 1, 1919.....
		Office of district cost inspector (addition).....	250.00	June 30, 1919-20.....
		Office for district disbursing officer (addition).....	862.51	do.....
		Additional space for section base.....	250.00	Mar. 1, 1919.....
				83.33

List of leases and rentals of land and buildings for naval purposes—Continued.

APPROPRIATION, "PAY MISCELLANEOUS"—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
FIRST NAVAL DISTRICT—Continued.				
503 Commercial Street, Provincetown, Mass.	Aid lock	\$120.00	Mar. 1, 1919	\$40.00
1033-1034 Little Building, Boston, Mass.	District cost inspector	641.67	June 30, 1919-20	
Building at Boston	Storage of spruce lumber	4,000.00	May 1, 1919	666.66
Rental of Deer Island, Boston Harbor, Mass.	Training camp	50,000.00	June 30, 1919-20	
Rooms 1021-1028, Little Building, Boston, Mass.	Office of Inspection Corps, Sept. 1-June 30, 1918	1,708.33	do.	
1011, 1012, 1014-1017, Little Building, Boston, Mass.	Aid for information	2,841.67		
1010, Little Building, Boston, Mass.	Field traffic office	2,550.00		
1002-1006, Little Building, Boston, Mass.	Inspector of hull material and lumber	2,566.67		
1001, Little Building, Boston, Mass.	Emergency Fleet Division	300.00		
1018-1020 Little Building, Boston, Mass.	Inspector of aircraft	1,154.96		
1007-1009 Little Building, Boston, Mass.	Inspector of hull material	1,800.00		
1101-1169 and 1201-1263 Little Building, Boston, Mass.	Headquarters commandant First Naval District	46,500.00		
1048-1049 Little Building, Boston, Mass.	District disbursing office	700.00		
4 rooms, Roderick Block, Bar Harbor, Me.		127.78		
Appledore Island		5.00		
Air lock, Provincetown, Mass.	Storage and provisions	20.00	Mar. 1, 1919	42.50
146-168 Bradford St., Provincetown, Mass.	Storage	48.00	Jan. 1, 1919	2.50
Wharf, Machias Port, Me.	Storage of coal, 10 months	166.70	Mar. 1, 1919	10.00
Tract of land, Walden, Mass.	Spur track	1.00	do.	55.56
			June 30, 1919-20	
SECOND NAVAL DISTRICT.				
Property for water supply	Block Island section	120.00	Mar. 1, 1919	40.00
Land and buildings adjacent to Hammetts Wharf, Newport, R. I.	District activities	1,800.00	do.	600.00
Wharfage property, Block Island	Repair shop	900.00	do.	300.00
Rail Spring property, Block Island	Water supply	900.00	do.	300.00
Narragansett Hotel, Block Island	District activities	1,920.00	do.	640.00
Boel's property, Block Island	Sick bay and hospital apprentices quarters	240.00	do.	80.00
Wharf, Block Island	Block Island section	750.00	do.	250.00
Pier, Fair Haven, Mass.	New Bedford section	600.00	June 30, 1919-20	
Office, Vineyard Haven, Mass.	Woods Hole section	90.00	Mar. 1, 1919	30.00
Frame building, Nantucket, Mass.	Dispensary	300.00	do.	100.00
Springfield Hotel, Nantucket, Mass.	Nantucket section	300.00	do.	100.00
Baker Machine Shop, Nantucket, Mass.	Barracks	6,666.67	do.	2,222.22
Land, Newport, R. I.	Machine shops, Nantucket section	1,800.00	do.	600.00
Cloyne House School, Newport, R. I.	Naval district storehouse	120.00	June 30, 1919-20	
Newport Engineering Works	Officers' training school	5,000.00	Feb. 28, 1919	
Sullivan's Wharf, Newport, R. I.	Newport, R. I., headquarters, material section	7,200.00	June 30, 1919-20	1,666.66
Perry Mill Wharf, Newport, R. I.	Berthing space for patrol boats	730.00	do.	
	Tying up mine sweepers	900.00	do.	

Location	Value	Remarks
Headquarters for Woods Hole section.	1.00	
District and drill grounds	100.00	
Athletic and drill field	2,000.00	Mar. 1, 1919.
Officers, etc., Nantucket section.	180.00	do.
Nantucket section.	1.00	do.
Necessary office quarters	600.00	do.
District base	6,633.66	June 1, 1919-20.
do.	21,600.00	Mar. 1, 1919.
District activities	2,416.67	June 30, 1919-20.
Necessary office quarters	600.00	Mar. 1, 1919.
		June 30, 1919-20.
District activities	3,649.92	Mar. 1, 1919.
Marine Basin	50,500.00	June 30, 1919.
District activities	1,200.00	Feb. 1, 1919.
Section base.	264.00	Jan. 1, 1919.
District activities	26,500.00	June 30, 1919-20.
Storage for truck	120.00	Feb. 1, 1919.
Supply depot, district naval force	30,000.00	Apr. 1, 1919.
Navy yard	8,500.00	June 30, 1919-20.
Fleet supply base	17,618.00	do.
Section base No. 2	664.80	Mar. 1, 1919.
District activities	1.00	Purchased.
Aircraft inst., storehouse and laboratory	3,996.00	Apr. 1, 1919.
For laboratory	812.50	Feb. 1, 1919.
Fleet supply base	42,074.16	Purchased Nov. 1, 1918.
Section base 7	3,000.00	Mar. 1, 1919.
Officer's command for cruiser force and Naval Overseas Transportation Service.	60,000.00	June 30, 1919-20.
Navy yard	12,000.00	do.
Supply department	483,126.36	(This can be given up if the Navy is assigned of the Government owned space in this vicinity.)
Naval Overseas Transportation Service.	49,000.00	June 30, 1919-20.
Storage and dockage, Naval Overseas Transportation Service vessels.	4,492.00	do.
Naval Overseas Transportation Service.	5.00	do.
do.	800.00	do.
do.	4,000.00	do.
do.	1.00	do.
do.	40,810.00	do.
French officers' quarters	753.00	Feb. 1, 1919.
Provisions and clothing depot	161,800.00	June 30, 1919.

which will not be until they finish bringing the troops back. The rental of the land there on which the present provisions and clothing depot is located is rented from the city of New York at \$161,000, and we will have to retain that because under the terms of the lease the property will revert to New York City when we give it up, and as there is no space for a depot in the yard it probably will have to be retained indefinitely. The wharf at Boston costs \$33,000 a year, and is now used for miscellaneous storage and will be given up toward the end of this fiscal year. We have a pier at Philadelphia, Pier 19, used for the district supply department, which will be given up toward the end of this year. We have offices for the district commandant at Twelfth and Chestnut Streets, in Philadelphia, which will have to be retained as long as the district organization is retained.

The CHAIRMAN. Why should not that be at the navy yard?

Mr. REED. There is no space there for the offices at this time, sir.

The CHAIRMAN. Suppose you place in the record the buildings you have rented, the amount you are paying for them, and when you expect to give them up.

Mr. REED. Yes, sir.

List of leases and rentals of land and buildings for naval purposes.
APPROPRIATION: "NAVAL TRAINING CAMPS."

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
NINTH, TENTH, AND ELEVENTH NAVAL DISTRICTS.				
Land and buildings of Chicago Tel. Co., North Chicago, Ill.	Addition, Great Lakes Training Camp.	\$12,000.00	June 30, 1919-20.	
Land and buildings, property of—				
City of North Chicago, Ill.	do.	3,600.00	do.	
Leader Card Works, North Chicago, Ill.	do.	150.00	Nov. 4, 1918.	\$87.50
Arthur H. Johnson, North Chicago, Ill.	do.	600.00	do.	350.00
Howard Amsden, North Chicago, Ill.	do.	30.00	do.	17.50
Theo. H. Durst, North Chicago, Ill.	do.	30.00	do.	17.50
Herman Elix, North Chicago, Ill.	do.	60.00	do.	35.00
Commissioners Foss Park District, North Chicago.	do.	2,225.04	June 30, 1919-20.	
Joliet National Bank, Woodland Bluff.	do.	216.00	Nov. 4, 1918.	126.00
Augustin C. H. Kraft, Woodland Bluff.	do.	150.00	do.	87.50
Franklin A. Martin, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Richard H. Morrow, Bord du Lac Bluffs.	do.	60.00	do.	35.00
C. A. Newcombe, trustee, Bord du Lac Bluffs.	do.	504.00	do.	294.00
Amerlea & Fossy Pucenti, Bord du Lac Bluffs.	do.	60.00	do.	35.00
Mrs. Lydia Peck and Helen E. Griggs, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Malcom S. Phillips, Bord du Lac Bluffs.	do.	2,028.00	do.	1,183.00
Do.	do.	1,332.00	do.	777.00
Emil Rudert, Bord du Lac Bluffs.	do.	60.00	do.	35.00
Jos. R. Russell, Bord du Lac Bluffs.	do.	60.00	do.	35.00
William A. Witt, Bord du Lac Bluffs.	do.	30.00	do.	17.50
David H. and Ediza A. Wells, Woodland Bluffs.	do.	30.00	do.	17.50
Charles A. Clouchard, Bord du Lac Bluffs.	do.	90.00	do.	52.50
Christian Jensen, Bord du Lac Bluffs.	do.	30.00	do.	17.50
John Sherwin, Bord du Lac Bluffs.	do.	120.00	do.	70.00
Milton F. and Clara L. Biddecom, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Charles F. and Ethel May Whitney, Bord du Lac Bluffs.	do.	65.00	do.	38.25
David E. Clarke, Bord du Lac Bluffs.	do.	60.00	do.	35.00
Anna A. Hornung, Bord du Lac Bluffs.	do.	40.00	do.	20.75
Alex. Mann, Bord du Lac Bluffs.	do.	30.00	do.	17.50
William A. Johnson, Woodland Bluffs.	do.	60.00	do.	35.00
Fred Wilson, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Beatrice Lasser, Bord du Lac Bluffs.	do.	102.00	do.	59.50
Charles H. Yeomans, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Matthew Shumers, Woodland Bluffs.	do.	33.60	do.	19.60
C. A. Newcombe, trustee, Bord du Lac Bluffs.	do.	30.00	do.	17.50
Thomas Byrne.	do.	4,980.00	do.	2,905.00
Chicago Hardware Foundry Co.	do.	10,920.00	June 30, 1919-20.	
	do.	1.00	Nov. 4, 1918.	.58

List of leases and rentals of land and buildings for naval purposes—Continued.
 APPROPRIATION "NAVAL TRAINING CAMPS."—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
NINTH, TENTH, AND ELEVENTH NAVAL DISTRICTS.—CON.				
Lands and buildings, property of.—Continued				
George Hendrick.....	Addition, Great Lakes Training Camp.	\$1,500.00	Nov. 4, 1918.	\$875.00
Do.....	do	4,800.00	do	2,800.00
C. A. Newcombe, jr., trustee.....	do	84.00	do	49.00
Malcom S. Phillips, Bord du Lac Bluffs.....	do	7,200.00	do	4,200.00
Frank H. Tomlinson.....	do	1,800.00	do	1,050.00
American Steel & Wire Co.....	do	1.00	do	.58
Estate of George R. Lyon.....	do	120.00	do	70.00
L. F. McClernon.....	do	1,000.08	do	583.33
Frank N. Tomlinson, agent Bord du Lac Bluffs.....	do	62.50	do	34.46
Do.....	do	641.28	do	374.08
J. S. Jennings and Mary E. Eltes, Bord du Lac Bluffs.....	do	1,194.72	do	696.92
Julia Vervecks, Bord du Lac Bluffs.....	do	156.00	do	91.00
Malcom S. Phillips, Bord du Lac Bluffs.....	do	60.00	do	35.00
Andrew G. Hess, Bord du Lac.....	do	24.00	do	14.00
Sam and Petrina Renicollu, Bord du Lac.....	do	18.00	do	10.50
P. W. Churchill, Bord du Lac.....	do	30.00	do	17.50
William E. Albright, Bord du Lac.....	do	30.00	do	17.50
Joseph A. Jadrlick, Bord du Lac.....	do	60.00	do	35.00
Frank W. Tomlinson, Bord du Lac.....	do	30.00	do	17.50
Mike Smole, Bord du Lac.....	do	60.00	do	35.00
Elizabeth and Jane Minor, Bord du Lac.....	do	30.00	do	17.50
John Sherwin, Bord du Lac.....	do	480.00	do	290.00
Do.....	do	410.04	do	239.19
Clara S. Davenport, Bord du Lac.....	do	60.00	do	35.00
John Greenwood, Bord du Lac.....	do	540.00	do	315.00
Adelphine Cornish, Bord du Lac.....	do	24.00	do	14.00
Adolphus C. Adams, Bord du Lac.....	do	480.00	do	280.00
Charles Adams, Bord du Lac.....	do	420.00	do	245.00
Mary A. T. Mason and Sarah E. Pierce, Bord du Lac.....	do	30.00	do	17.50
William H. Murphy, Bord du Lac Bluffs.....	do	30.00	do	17.50
Francis Winchester, Bord du Lac Bluffs.....	do	30.00	do	17.50
Emil Riedert, Bord du Lac.....	do	30.00	do	17.50
Robert H. Kraft, Woodland Bluffs.....	do	150.00	do	83.75
C. A. Andrews, Woodland Bluffs.....	do	30.00	do	17.50
William McGarson, Woodland Bluffs.....	do	30.00	do	17.50
Arthur H. Jacobson, Woodland Bluffs.....	do	30.00	do	17.50
Anna E. Kruff, Woodland Bluffs.....	do	30.00	do	17.50
E. A. Vase, Woodland Bluffs.....	do	180.00	do	105.00
Charles J. F. Kraft, Woodland Bluffs.....	do	240.00	do	140.00

C. Demeyer, Woodland Bluffs.....	do.	30.00	do.	17.50
William Fuddles, Woodland Bluffs.....	do.	2,000.00	do.	1,108.66
David L. Neely, Woodland Bluffs.....	do.	1,000.00	do.	1,000.00
Charles J. Neal estate.....	do.	2,500.00	do.	1,517.66
FIRST NAVAL DISTRICT.				
Land and buildings, Harvard University, Cambridge, Mass.....	Naval radio school.	40,221.00	June 30, 1919.	.....
EIGHTH NAVAL DISTRICT.				
Land and buildings, Gulfport, Miss.....	Naval training camp.	15,000.00	June 30, 1919.	.....
Total.....		123,219.26		22,898.64

APPROPRIATION, "NAVAL EMERGENCY FUND (STEAM ENGINEERING)."

EIGHTH NAVAL DISTRICT.				
Radio station, Mobile, Ala.....	Station space (Battle House Hotel), including light and power.	\$300.00	June 30, 1919-20.	.....
Radio station, Galveston, Tex.....	Rent of office and station space.	240.00	do.	.....
TWELFTH NAVAL DISTRICT.				
Radio shop, Pier 32, San Francisco, Cal.....	Garage rent for auto truck.	90.00	do.	.....
Radio station, Adams Hotel, Phoenix, Ariz.....	Office rent.	300.00	Feb. 1, 1919.	\$125.00
Premises of Los Angeles Shipbuilding & Dry Dock Co., San Pedro, Cal.	Quarters for new radio office, San Pedro.	367.50	June 30, 1919-20.	.....
Class A Building, 435 to 441 Mission Street, San Francisco, Cal.	Office for 10½ months.	1,050.00	do.	.....
Radio station, 449 Beach, San Francisco, Cal.	Rent of property for 9½ months.	1,187.50	do.	.....
Radio station, 433 Englewood, Cal.	Sept. 6, 1918, to July 1, 1919.	1,525.00	do.	.....
San Francisco Building (Class C, 41 Drum Street, Crowley Co.)		1,500.00	do.	.....
Total.....		6,560.00		125.00

APPROPRIATION, "NAVAL EMERGENCY FUND (SUPPLIES AND ACCOUNTS)."

FIRST NAVAL DISTRICT.				
Mystic, wharf docks, warehouses.....	Storehouse for supply department.	\$73,278.00	Two-thirds space given up May 1, 1919; remainder retained until June 30, 1919.	\$8,300.00

List of leases and rentals of land and buildings for naval purposes—Continued.

APPROPRIATION, "NAVAL EMERGENCY FUND (SUPPLIES AND ACCOUNTS)"—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Salaries in rentals.
THIRD NAVAL DISTRICT.				
Great Eastern Storage, Transportation & Wrecking Corporation, Troy, N. Y.	Storage space for food	\$5,000.00	Apr. 1, 1919	\$1,250.00
Office in Delaware, Lackawanna & Western train shed, Buffalo, N. Y.	Office	250.00		
Warehouse, Jersey City, N. J.	Storage space for food	1,200.00	Apr. 1, 1919	300.00
Buffalo Cold Storage Co., Buffalo, N. Y.	do.	23,400.00	Nov. 1, 1918	15,600.00
FOURTH NAVAL DISTRICT.				
Twenty-fifth and Ellsworth Streets, Philadelphia, Pa.	Buildings 4, 5, and 6	12,000.00	Apr. 1, 1919	3,000.00
FIFTH NAVAL DISTRICT.				
Locust Point, Md.	Pier 5, sections 3 and 4, warehouse	15,000.00	June 30, 1919-20	
Do.	Pier 5, sections 1 and 2, warehouse	15,000.00	do.	
Cathole Dock, Portsmouth, Va.	do.	2,400.00	do.	
SEVENTH NAVAL DISTRICT.				
Storehouse, Mallory Steamship Co., Key West, Fla.	For storehouse	2,400.00	June 30, 1919-20	
Total		149,928.00		28,450.00
APPROPRIATION, "NAVAL EMERGENCY FUND (CONTINGENT)."				
FIRST NAVAL DISTRICT.				
Boston Fiske Pier.	Wharf, shed, docks, and offices	\$30,000.00	June 1, 1919	\$2,500.00
FOURTH NAVAL DISTRICT.				
Pier 27, North Wharves near Willow Street, Delaware River, Philadelphia.	Supply depot for Overseas Transportation Service	30,000.00	June 30, 1919-20	
Total		60,000.00		2,500.00

APPROPRIATION, "ENGINEERING, 1919."

SECOND NAVAL DISTRICT.				
Greenwich Piers for crushing samples of coal.....		From November for balance of fiscal year 1919.....	\$80.00	June 30, 1919-20.....
FIFTH NAVAL DISTRICT.				
Lot adjoining Radio Station, Va.....		To construct fence for protection.....	110.00	Jan. 1, 1919.....
Total.....			190.00	
				\$55.00
				55.00

APPROPRIATION, "PAY OF THE NAVY."

FIRST NAVAL DISTRICT.		Residence, commandant. Quarters, officers, Favorite, while ship was being repaired.	June 30, 1919-20. Jan. 1, 1919.	\$3,000.00 600.00	\$300.00
Boston, Mass. Do.					
SECOND NAVAL DISTRICT.		Residence, Nurses Corps do.	June 30, 1919-20. do.	1,500.00 6,000.00	
207 Broadway, Newport, R. I. 10 Catherine Street, Newport, R. I.					
FOURTH NAVAL DISTRICT.		Residence, Nurse's Corps do. do.	June 30, 1919-20. do. do.	780.00 1,800.00 600.00 2,100.00	
308 South Street, Philadelphia. 2400 Spruce Street, Philadelphia. 2402 Spruce Street, Philadelphia. 2342 Fitz Water Street, Philadelphia.					
FIFTH NAVAL DISTRICT.		Nurse's quarters do. Residence, Nurse's Corps. do. do. do.	June 30, 1919-20. do. do. do. do. do.	492.00 456.00 1,380.00 940.00 3,516.00 1,680.00	
2 rooms, I Street NW., Washington, D. C. 2 rooms, 1337 K Street, NW., Washington, D. C. 329 North Street, Portsmouth Station, Va. 200 Middle Street, Portsmouth Station, Va. 720 Park Avenue, Portsmouth Station, Va. 7 Boulevard, Portsmouth Station, Va.					
SIXTH NAVAL DISTRICT.		Residence, Nurses' Corps (including boat and light).	June 30, 1919-20.	2,700.00	
Third Street and Cambrin Street, Charleston, S. C.					
FOURTEENTH NAVAL DISTRICT.		Quarters, Hospital Corps. Quarters for nurses.	do. do.	240.00 600.00	
St. Thomas, V. I. Tutuila, Samoa.					
Total.				28,344.00	300.00

List of leases and rentals of land and buildings for naval purposes—Continued.

APPROPRIATION: "FUEL AND TRANSPORTATION."

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
FIRST NAVAL DISTRICT.				
Bar Harbor, Me.....	Wharfage space, Spratt Wharf (coal).....	\$99.96	Jan. 4, 1919.....	\$41.65
Rockland, Me.....	Wharfage space, Atlantic Wharf (coal).....	200.00	Jan. 8, 1919.....	83.33
New England Coal & Coke Co., Everett, Mass.....	Storage of coal, first naval district.....	136,200.00	June 30, 1919-20.....	
Metropolitan Coal Co., Boston.....	do.....	113,500.00	do.....	
Coal-handling plant, Castner, Curin & Balbitt, Boston, Mass.....	do.....	34,050.00	do.....	
Maritime Coal Co., Boston.....	do.....	22,700.00	do.....	
Staples Coal Co. Wharf, Boston.....	Handling and storing of fuel.....	18,000.00	do.....	
THIRD NAVAL DISTRICT.				
Constable Hook Bay, N. J.....	Use of substation.....	29,500.00	do.....	
Property of Bethlehem Steel Co.....	Machine shops, etc., for handling of fuel.....	8,787.50	do.....	
FIFTH NAVAL DISTRICT.				
13 acres at Curtis Bay, Md. (Baltimore).....	For handling fuel.....	1,560.00	July 1, 1919.....	
Building, Sewells Point, Norfolk, Va.....	For coal crushing.....	120.00	June 30, 1919-20.....	
Newport News, Va.....	Building for coal-crushing plant.....	108.60	do.....	
Lamberts Point, Va.....	Building for coal-crushing house.....	120.00	do.....	
Newport News, Va.....	C. & O. pier 10, for supply department.....	6,000.00	do.....	
Sewells Point, Va.....	Land for wash room, supply department.....	1.00	do.....	
Plant, Standard Oil Co., Sewells Point, Va.....	Handling and storing fuel oil.....	30,000.00	do.....	
SIXTH NAVAL DISTRICT.				
1,379 acres of land, property of Southern R. R. Co., Charleston, S. C.....	Storing of fuel.....	1,200.00	June 30, 1919-20.....	
16 acres of land, Charleston, S. C.....	do.....	150.00	do.....	
1.2 acres of land, Maybank Fertilizer Co., Charleston.....	do.....	7,200.00	do.....	
THIRTEENTH NAVAL DISTRICT.				
Hoquiam, Wash.....	Dock for coal storage, first quarter.....	45.00	July 1, 1919.....	
Do.....	Dock for coal storage, second quarter.....	45.00	do.....	
Yokohama, Japan.....	Lots 111 and 112, Navy coal depot.....	130.00	June 30, 1919-20.....	
Red Barracks Wharf, Saint George, Bermuda Islands.....	Storing of fuel.....	10,000.00	June 30, 1918.....	10,000.00
Tiger Bay Co., Saint George, Bermuda Islands.....	do.....	36,000.00	June 30, 1919-20.....	
Total.....		455,715.06		10,124.98

APPROPRIATION "CONTINGENT, MEDICINE AND SURGERY."

THIRD NAVAL DISTRICT.				
235 Pear Street, Brooklyn, N. Y.	Garage space.....	\$350.00	June 30, 1919-20	
84-86-38 Franklin Avenue, Brooklyn, N. Y.	Space for medical and surgical supplies.....	1,700.00	do.	
FOURTH NAVAL DISTRICT.				
2017 South Twelfth Street, Philadelphia, Pa.	Garage space.....	282.00	do.	
FIFTH NAVAL DISTRICT.				
Fifth naval district.	Garage for ambulance.....	71.00	do.	
730 Seventeenth Street, N.W., Washington.	Rental of dispensary.....	1,200.00	July 1, 1919	
Washington, D. C.	Garage space.....	240.00	Jan. 1, 1919	\$120.00
Do.	do.	250.00	June 30, 1919-20	
Total.....		4,653.00		120.00

APPROPRIATION, "PAY, MISCELLANEOUS."

FIRST NAVAL DISTRICT.				
4 rooms, Broderick Block, Bar Harbor, Me.	Section base.....	\$300.00	Mar. 1, 1919	\$100.00
Parish Hall, Eden, Me.	Barracks.....	420.00	do.	140.00
243 Maine Street, Bar Harbor, Me.	Dispensary.....	240.00	do.	80.00
Battery Wharf.....	District supply department.....	36,000.00	May 1, 1919	6,000.00
Part of Nickerson Block, Boothbay Harbor, Me.	Section headquarters.....	240.00	Mar. 1, 1919	80.00
Land, building, Machiasport, Me.	do.....	12.00	do.	4.00
Holyoke Wharf and Power Boat Association clubhouse, Portland, Me.	do.....	3,900.00	do.	1,300.00
378 Commercial Street, Provincetown, Mass.	Dispensary.....	600.00	do.	200.00
325 Commercial Street, Provincetown, Mass.	Commissary store.....	240.00	do.	80.00
309 Commercial Street, Provincetown, Mass.	Section base office and storeroom.....	240.00	do.	80.00
328 Commercial St., Provincetown, Mass.	Storeroom.....	420.00	do.	140.00
Office building, Eastern Steamship Line (Inc.), Boothbay Harbor, Me.	Section supply and commissary store.....	600.00	do.	200.00
605-609, 611, 613, 615 Maine Street, and Henderson Wharf, Lockland, Me.	Section base.....	1,500.00	do.	500.00
607 Maine Street, Lockland, Me., first floor.....	Sick bay.....	120.00	do.	40.00
3 West Street, Bay Harbor, Me.	Section base.....	540.00	do.	180.00
Second and third floors and barn, Main Street, Machias, Me.	Section base, July 1 to Sept. 1.....	45.00	do.	15.00
Commonwealth Pier 5, South Boston, Mass.	Headquarters for receiving ship, N. O. T. S.....	175,000.00	May 1, 1919 (Army pays two-thirds).	126,389.00
Dark room at Camera Club, Boston, Mass., Y. M. C. U.	District photographer.....	6.00	Mar. 1, 1919	2.00
Room 1033, Little Building, Boston, Mass.	Office of district cost inspector (addition).	250.00	June 30, 1919-20	
Rooms 1048-1049, Little Building, Boston, Mass.	Office for district disbursing officer (addition).	682.51	do.	
Lewis Building, Commercial Street, Boothbay Harbor, Me.	Additional space for section base.....	250.00	Mar. 1, 1919	83.33

List of leases and rentals of land and buildings for naval purposes—Continued.

APPROPRIATION, "PAY MISCELLANEOUS"—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
FIRST NAVAL DISTRICT—continued.				
503 Commercial Street, Provincetown, Mass.	Aid lock	\$120.00	Mar. 1, 1919	\$40.00
1033-1034 Little Building, Boston, Mass.	District cost inspector	641.67	June 30, 1919-20	666.66
Building at Boston	Storage of spruce lumber	4,000.00	May 1, 1919	
Rental of Deer Island, Boston Harbor, Mass.	Training camp	50,000.00	June 30, 1919-20	
Rooms 1021-1026, Little Building, Boston, Mass.	Office of Inspection Corps, Sept. 1-June 30, 1918.	1,708.33	do.	
1011, 1012, 1014-1017, Little Building, Boston, Mass.	Aid for information	2,841.67		
1010, Little Building, Boston, Mass.	Field traffic office	550.00		
1002-1006, Little Building, Boston, Mass.	Inspector of hull material and lumber	2,566.67		
1004, Little Building, Boston, Mass.	Emergency Fleet Division	300.00		
1018-1020 Little Building, Boston, Mass.	Inspector of aircraft	1,154.98		
1007-1009 Little Building, Boston, Mass.	Inspector of hull material	1,800.00		
101-1169 and 1201-1260 Little Building, Boston, Mass.	Headquarters commandant First Naval District	46,500.00		
1049-1049 Little Building, Boston, Mass.	District disbursing office	700.00		
4 rooms, Roderick Block, Bar Harbor, Me.		127.78	Mar. 1, 1919	42.50
Appledore Island		5.00	Jan. 1, 1919	2.50
Air lock, Provincetown, Mass.	Storage and provisions	20.00	do.	10.00
46-108 Bradford St., Provincetown, Mass.	Garage	48.00	Mar. 1, 1919	16.00
Wharf, Machias Port, Me.	Storage of coal, 10 months	166.70	do.	55.56
Tract of land, Walden, Mass.	Spur track	1.00	June 30, 1919-20	
SECOND NAVAL DISTRICT.				
Property for water supply	Block Island section	120.00	Mar. 1, 1919	40.00
Land and buildings adjacent to Hammetts Wharf, Newport, R. I.	District activities	1,800.00	do.	600.00
Wharfage property, Block Island	Repair shop	600.00	do.	200.00
Ball Spring property, Block Island	Water supply	900.00	do.	300.00
Narragansett Hotel, Block Island	District activities	1,920.00	do.	640.00
Boel's property, Block Island	Sick bay and hospital apprentices quarters	240.00	do.	80.00
Wharf, Block Island	Block Island section	750.00	do.	250.00
Pier, Fair Haven, Mass.	New Bedford section	600.00	June 30, 1919-20	
Office, Vineyard Haven, Mass.	Woods Hole section	90.00	Mar. 1, 1919	30.00
Frame building, Nantucket, Mass.	Dispensary	300.00	do.	100.00
Old North Wharf, Nantucket, Mass.	Nantucket section	300.00	do.	100.00
Springfield Hotel, Nantucket, Mass.	Baracks	6,668.67	do.	2,222.22
Baker Machine Shop, Nantucket, Mass.	Machine shops, Nantucket section	1,800.00	do.	600.00
Land, Newport, R. I.	Naval district storehouse	120.00	June 30, 1919-20	
Cloyne House School, Newport, R. I.	Officers' training school	5,000.00	Feb. 28, 1919	1,666.66
Newport Engineering Works	Newport, R. I., headquarters, material section	7,200.00	June 30, 1919-20	
Sullivan's Wharf, Newport, R. I.	Berthing space for patrol boats	720.00	do.	
Terry Mill Wharf, Newport, R. I.	Tying up mine sweepers	900.00	do.	

Hamstead Building, Land, city of New York, N. Y.	Headquarters for Woods Hole section. District act and drill grounds	1.00	do.	100.00	1.00	666.66
Hammonds Wharf, Newport, R. I.	Athletic and drill field	2,000.00	Mar. 1, 1919	180.00	do.	60.00
Land, New Shoreham, Block Island	Officers, etc., Nantucket section.	1.00	do.	1.00	do.	33.33
Nantucket Athletic Club	Nantucket section.	1.00	do.	1.00	do.	33.33
Building adjoining repair shop.	Necessary office quarters	6,000.00	June 30, 1919-20	6,000.00	do.	
Rooms 603-607, 36 Pearl Street, Hartford, Conn.	District base	6,000.00	Mar. 1, 1919	21,000.00	June 30, 1919-20	805.56
Sanford lot and adjoining lan 1, Nantucket, Mass.	do.	2,100.00	Mar. 1, 1919	2,100.00	June 30, 1919-20	
Parcel of land in New London, Conn.	District activities	2,100.00	Mar. 1, 1919	2,100.00	June 30, 1919-20	
Eastern end of Wharf and Grain Elevator, Nantucket, Mass.	Necessary office quarters	600.00	June 30, 1919-20			
Rooms 608-607, 36 Pearl Street, Hartford, Conn.						
THIRD NAVAL DISTRICT.						
Rooms 108-112, 51 Chambers Street, New York	District activities	3,649.92	Mar. 1, 1919			1,216.64
Marine Basin, foot of Hubbard Street, Brooklyn, N. Y.	Marine Basin	50,000.00	June 30, 1919			
Building, wharves, and land, west of Oyster Slip, West Sayville, N. Y.	District activities	1,200.00	Feb. 1, 1919			500.00
Lower floor, 1305-7 Cropsay Avenue, Brooklyn, N. Y.	District activities	264.00	Jan. 1, 1919			132.00
Sixth floor, South Ferry Building, 44 Whitehall Street, New York, N. Y.	Storage for truck	120.00	Feb. 1, 1919			50.00
Garage space, Fort Jefferson, Long Island, N. Y.	Supply depot, district naval force	30,000.00	Apr. 1, 1919			7,500.00
Pier 72, East River, N. Y.	Navy yard	8,500.00	June 30, 1919-20			
Land at Thirty-sixth Street and Second Avenue, Brooklyn, N. Y.	Fleet supply base	17,618.00	do.			
Black Rock Yacht Club, Bridgeport, Conn.	Section base No. 2	1,000.00	Mar. 1, 1919			221.60
Painting Shoe Factory Building, Fort Jefferson, Long Island, N. Y.	District activities	3,996.00	Apr. 1, 1919			999.00
Ninth floor, Grant Central Palace Building, New York, N. Y.	For laboratory	812.50	Feb. 1, 1919			338.54
Store and cellar at 261 High Street, Brooklyn, N. Y.	Fleet supply base	42,074.16	Purchased Nov. 1, 1918			28,049.44
Land at Thirty Avenue and 1 Thirtieth Streets, Brooklyn, N. Y.	Section base 7	3,000.00	Mar. 1, 1919			750.00
Wholesale Yacht Club	Officer's commander cruiser force and Naval Overseas Transportation Service	60,000.00	June 30, 1919-20			
Stamuch Building, Hoboken, N. J.	Navy yard	12,000.00	do.			
Garage at Taylor Street and 1 Tenth Avenue, Brooklyn, N. Y.	Supply department	483,126.36	(This can be given up if the Navy is assigned of the Government owned space in this vicinity)			
Piers and land at foot of Thirty-third and Thirty-fifth Streets, Brooklyn, N. Y.						
Fourth and fifth floors, 35-37 Broadway, New York, N. Y.	Naval Overseas Transportation Service	49,000.00	June 30, 1919-20			
2,500 square feet, Pier 1, North River, New York, N. Y.	Storage and dockage, Naval Overseas Transportation Service vessels	4,492.00	do.			
Northside Recreation Pier, One hundred and 1 twenty-ninth Street, New York, N. Y.	Naval Overseas Transportation Service	5.00	do.			
Building, 501 River Street, Hoboken, N. J.	do.	800.00	do.			
Rooms 1004-1008, 206 Broadway, New York, N. Y.	do.	4,000.00	do.			
Boat house and pier of Marine and Field Club, Brooklyn, N. Y.	do.	1.00	do.			
Rooms 293-221, 307-321, 410-416, 618-620, 1005, 20 Broad Street, New York, N. Y.	do.	40,810.00	do.			
Rooms 40-42, 391 Fulton Street, Brooklyn, N. Y.	French officers' quarters	733.00	Feb. 1, 1919			314.00
Building at Forty-third Street and Second Avenue, Brooklyn, N. Y.	Provisions and clothing depot	161,800.00	June 30, 1919			

List of leases and rentals of land and buildings for naval purposes—Continued.
 APPROPRIATION, "PAY, MISCELLANEOUS"—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
THIRD NAVAL DISTRICT—continued.				
Second floor, 72 Hubbard Street, Brooklyn, N. Y.	District activities.	\$300.00	Mar. 1, 1919	\$100.00
Building and ground of Montauk Dock & Improvement Co., Montauk, Long Island	do.	211.75	do.	70.59
Laboratory Annex Building, Rose Bank, Staten Island.	Quarantine station, health officers' office.	675.00	June 30, 1919-1920	
City pier, New Haven, Conn.	District activities.	4,000.00	Mar. 1, 1919	1,333.33
Fort Lowry Hotel, Seventeenth Avenue, Brooklyn, N. Y.	do.	15,166.67	do.	5,055.55
Rooms 201-207, 20 Broad Street, New York, N. Y.	Cable censor.	3,666.67	June 30, 1919-1920	.69
Land, lots 30-33, Great South Bay, Bay Shore, Long Island.	Air station.	2.09	Mar. 1, 1919	
Dock at foot of City Island Avenue, New York, N. Y.	District activities.	1.00	June 30, 1919	
Third floor, 6-8 West Forty-eighth Street, New York, N. Y.	Office purposes to Mar. 31, 1919.	2,250.00	Mar. 31, 1919	
Building, 711 Fifth Avenue, New York, N. Y.	Office purposes.	7,500.00	June 30, 1919-1920	
Room 306, 20 Broad Street, Stapleton, Long Island	District salvage officer.	1,125.00	do.	
Rooms 102, 110, 111, 207, 402, 404, 501-510, 610-608, Engineering Building, Columbia University.	Cable censor.	150.00	do.	
Crescent Athletic Club, Brooklyn, N. Y.	United States Naval Gas Engine School.	135,000.00	May 1, 1919	22,500.00
Fisherman's shacks, Montauk, Long Island.	Receiving ship barracks.	23,335.00	June 30, 1919-1920	
Atlantic Yacht Club, Coney Island, N. Y.	Quarters, section base 4, Oct. 1 to Jan. 1.	600.00	Jan. 1, 1919	
Rooms 301, 306, 1006, 20 Broad Street, New York, N. Y.	District activities to May 31, 1919.	12,000.00	May 31, 1919	5,500.00
Second, third, fourth, fifth floors, Stuart Building, 280 Broadway, New York, N. Y.	Cable censor.	4,197.00	June 30, 1919-1920	
Strip of land between Thirty-fifth and Thirty-eighth Streets, Brooklyn, N. Y.	District headquarters office.	147,064.20	do.	
Tower Cottage, Lawrence Beach, Long Island	Marginal railway to Apr. 30, fleet supply base.	3,175.00	do.	
Chamberlain Hotel, Bay Seventeenth Street, Brooklyn, N. Y.	Coast guard station.	600.00	Jan. 1, 1919	300.00
Third floor, 66-72 Water Street, Brooklyn, N. Y.	Barracks.	2,500.00	May 1, 1919	416.66
Room corner Massachusetts and Chenango Streets, Buffalo, N. Y.	Storage for medical and surgical supplies, Sept. 1, 1918, to June 30, 1919.	2,500.00	June 30, 1919-1920	
Fifth and sixth floors, 26 and 30 Front Street, Brooklyn, N. Y.	Office and stock room for supply department.	780.00	do.	
Ground floor, 321-329 Flushing Avenue, Brooklyn, N. Y.	Medical and surgical supplies, etc., Oct. 1, 1918, to June 30, 1919.	3,298.84	do.	
Strip of land, Carroll Street, Brooklyn, N. Y.	Medical and surgical supplies, etc., storage 6 months, Dec. 31, 1918.	300.00	do.	
69,000 square feet of piers, National Sugar Refining Co. Property in Carroll Street and Gowanus Canal, Brooklyn, N. Y.	Storage of lumber by supply department.	2,500.00	do.	
Land and building, River Warren Street, Adolphus Street, Brooklyn, N. Y.	Storage adjacent to East Yard, New York.	24,000.00	do.	
Property in Franklin Avenue, Brooklyn, N. Y.	Use of Navy Department.	1,500.00	do.	
Property in 38 Franklin Avenue, Brooklyn, N. Y.	Use of Navy Department.	1,500.00	Apr. 1, 1919	375.00
Building, 218 Gates Avenue, Brooklyn, N. Y.	Storage for medical supplies, etc.	23,000.00	June 30, 1919-1920	
First, third, and fourth floors, 221-229 Flushing Avenue, Brooklyn, N. Y.	Dormitory for Hospital Corps men.	1,700.00	do.	
	Medical and surgical supplies.	2,125.00	do.	
		1,300.00	do.	

Seventeenth floor, Architect's Building, New York, N. Y.	Public works officer, Tolham Camp, Oct. 18 to Dec. 1, 1918	425.82	Discontinued	
Rental of 9,000 square feet floor space, New York	Medical and surgical supplies	2,599.93	June 30, 1919-20	
Room 208, Temple Bar Building, New York, N. Y.	Office of Inspector	1,247.75	do.	
Land, Carroll Street to First Street, Brooklyn, N. Y. (expires Mar. 1)	Storage of lumber	208.34	Mar. 1, 1919	66.44
Rental of 10,400 square feet storage space 321-329 Flushing Avenue, Brooklyn, N. Y.	Medical and surgical supplies	1,000.00	June 30, 1919-20	
Rental of 800,000 cubic feet storage space	Storage for materials and equipment removed from vessels taken over by the Navy Department	67,200.00	Jan. 1, 1919	33,740.00
Rept of office space, Temple Bar Building, Rooms 202, 203, New York	Inspector of engineering material	1,165.50	June 30, 1919-20	
Rental of offices, Singer Building Annex, 95 Liberty Street, New York, N. Y.	Inspector of machinery and sea-going mine sweepers	1,320.00	Apr. 1, 1919	330.00
Aviation station, Montauk, Long Island	Aviation station	3,000.00	do.	
Offices 623, 608, Haveneyor Building, New York	Inspector of ordnance	7,308.96	June 30, 1919-20	750.00
House, Peekskill, N. Y.	Quarters for detachment of Marines	160.00	Apr. 1, 1919	40.00
Fifth floor, No. 6 West Forty-eighth Street, New York, N. Y.	Inspection office for aircraft instruments	5,000.00	June 30, 1919-20	
FOURTH NAVAL DISTRICT.				
Four rooms, Parkway Building, Philadelphia, Pa.	Naval radio training school	720.00	Mar. 1, 1919	240.00
Plant at Lewes, Del.	Operating base, Lewes, Del.	17,400.00	do.	5,800.00
Suite of offices	Inspector of mine sweepers	1,950.00	do.	650.00
Pier 19, Vine Street, Philadelphia, Pa.	Storehouse and supply office	46,084.57	May 1, 1919	7,680.76
Sewells Point, Cape May, N. J.	Section base, Cape May, N. J.	5,000.00	June 30, 1919-20	
Second and third floors, S. S. White Building, Philadelphia, Pa.	Headquarters, fourth naval district	20,000.00	(Part of space to be re-leased before end of the fiscal year.)	1,666.66
Cape May Baking Co., Cape May, N. J.	Use Cape May base	1,500.00	June 30, 1919-20	
Rooms 501-505, Franklin Trust Co., Philadelphia, Pa.	Medical inspector, fourth naval district	2,100.00	May 1, 1919	350.00
Rooms 4 and 5, Washington Street, Cape May, N. J.	Office public works officer	360.00	June 30, 1919-20	
Room 217, Union Arcade Building, Pittsburgh, Pa.	Field traffic officer	984.00	do.	
Fourth floor, S. S. White Building, Philadelphia, Pa.	Commandant fourth naval district	7,000.00	do.	
Portion of Fish Dock, Cape May, N. J.	Storage	1.00	do.	
10 acres land, etc., Gloucester, N. J.	Aviation storehouse	20,611.12	do.	
Land, Cape May, N. J.	Temporary section base	1.00	do.	
Room 307, Bellevue Court Building	Inspector of paravanes installation	360.00	Mar. 1, 1919	120.00
230 North Delaware Avenue, Philadelphia, Pa.	Supply department, naval overseas transportation service	1,500.00	June 30, 1919-20	
Seventh and Eighth Avenues, Camden, N. J.	Storage of provisions	43,560.00	May 1, 1919	7,260.00
Lot, Summeret Street, Ocean City, Md.	Fueling station for seaplanes	1.00	June 30, 1919-20	
Lot, Brant Beach, N. J.	do.	1.00	do.	
Second floor, Insurance Exchange Building, Philadelphia, Pa.	Naval Overseas Transport Service, Nov. 1-June 20	8,000.00	do.	
Princeton University	Pay Officer's School, Oct. 1 to Apr.	23,000.00	Apr. 1, 1919	12,500.00
Additional rooms, Carnegie Steel Co., Munhall, Pa.	Inspector of hull material, Munhall, Pa.	2,344.00	June 30, 1919-20	
Storage space	Storing 5,000 bails commandeered, Kapok	2,000.00	May 30, 1919-20	333.33
Lippincott Building, 3,000 square feet, Philadelphia, Pa.	Office inspector engineering material	1,000.00	June 30, 1919-20	
Right of way, Cape May, N. J.	Aviation	1,000.00	Feb. 1, 1919-20	
Lippincott Building, Philadelphia, Pa.	Inspector of engineering material	8,000.00	June 30, 1919-20	
Union Trust Building, Harrisburg, Pa.	Inspector of engineering material	792.00	do.	
Rooms 805-807, Bellevue Court Building, Philadelphia, Pa.	Inspector, Philadelphia	765.00	do.	

List of leases and rentals of land and buildings for naval purposes—Continued.

APPROPRIATION, "PAY, MISCELLANEOUS"—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
FIFTH NAVAL DISTRICT.				
2 floors, 106 South Calvert Street, Baltimore, Md.	Storehouse and workshop for section 1.	\$720.00	Mar. 1, 1919.	\$240.00
Part of building at 111 South Gay Street, Baltimore, Md.	Rear quarters and workshop.	1,300.00	do.	453.33
Garage, N. 211, 219, 221, 215, 712, second 714 to 726, Citizens Bank Building, Baltimore, Md.	For offices of the fifth naval district, \$250 per month.	12.00	Discontinued.	
201, 210, 303 to 309, and 406 in McKevitt Building, Norfolk, Va.	For offices of the fifth naval district, \$295 per month.			
324, 6, 8, 30-34, 10, Guide Building, Norfolk, Va.	For offices of the fifth naval district, \$75 per month.			
4,000 square feet in New Monroe Building, Norfolk, Va.	For offices of the fifth naval district, \$250 per month.			
501 and 521 in New Monroe Building, Norfolk, Va.	For offices of the fifth naval district, \$200 per month.			
16 Talbot Building, Norfolk, Va.	For offices of the fifth naval district, \$8.33			
621 to 623 Dixon Building, Norfolk, Va.	For offices of the fifth naval district, \$45 per month.			
Garage.	Headquarters, section No. 1.	120.00	Mar. 1, 1919.	40.00
Reinforced-concrete warehouse and wharf, property of Security Storage & Safe Deposit Co., Front Street, Norfolk, Va.	Nitrate storage.	20,000.00	June 30, 1919-20.	
1,325 square feet on third floor, 125-131 East Baltimore Street, Baltimore, Md.	Dental office.	480.00	Mar. 1, 1919.	160.00
1,325 square feet on third floor, 125-131 East Baltimore Street, Baltimore, Md.	Aide for information, section 1, \$75 per month.			
1,345 square feet office space, New Monroe Building, Norfolk, Va.	Dental office, \$40 per month.	1,380.00	do.	460.00
Room 625 in Dixon Building, Norfolk, Va.	Aide for material.	1,284.00	June 30, 1919-20.	
1,060 square feet, Dixon Building, Norfolk, Va.	Office of cost inspector.	198.00	do.	
643-644, New Monroe Building, Norfolk, Va.	Office of special aide for commander, \$87.50 per month.			
503-4-10-9-11 and 12 Lexington Building, Baltimore, Md.	Dental office, \$30 per month.	1,410.00	do.	
2,611 square feet, Lexington Building, Baltimore, Md.	Office district supervisor, N. O. T. S.	4,320.00	do.	
4,000 square feet, New Monroe Building, Norfolk, Va.	do.	4,320.00	do.	
Rooms 342-44-45-346 in Arcade Building, Norfolk, Va.	do.	166.66	do.	
100 by 49 feet space adjacent to district supply depot.	Office communication superintendent.	630.00	do.	
1,100 square feet, New Monroe Building, Norfolk, Va.	Storage and other purposes in supply depot.	333.30	May 1, 1919.	55.55
Rooms 204, 205, 213, 216, 221, 233, 1001, Southern Building, Washington, D. C.	Board of Control, War Activities, Rear Admiral Harris.	1,099.92	Mar. 1, 1919.	366.64
1,025 square feet, Fidelity Building, Baltimore, Md.	Cable censor.	3,000.00	Sept. 10, 1918.	2,250.00
Additional office, Schmeltz Building, Newport News, Va.	Superintending constructor, United States Navy, Baltimore Dry Dock & Shipbuilding Co.	1,757.50	June 30, 1919-20.	
Warehouse, East Water Street, Norfolk, Va.	Overseas transport service.	120.00	do.	
House at 2147 Clinton Street, Baltimore, Md.	Docking and unloading ocean vessels.	420.00	do.	
1834 East Port Avenue, Baltimore, Md.	Inspection of coal beginning October.	72.00	May 1, 1919.	1,416.66
Second, third, and fourth floors at building at Seventeenth and G Streets, Washington, D. C.	Office for officers awaiting to fit out vessels.	420.00	June, 1919-20.	105.00
	Navy Department office.	3,000.00	Apr. 1, 1919.	
			Oct. 1, 1918.	2,200.00

Building at Seventeenth and Pennsylvania Avenue, July 1 to Sept. 30, 1918.	do.	937.50	Discontinued.	
Fourth and fifth floors, Fourteenth and H, Real Estate Trust, Washington, D. C.	do.	2,000.00	Oct. 1, 1918.	1,500.00
Three rooms in building 1412-1414 H Street, Washington, D. C.	do.	1,200.00	do.	900.00
Second floor, Real Estate Trust Building.	do.	3,425.00	do.	2,731.25
Rental of all space in Southern Building covered by 1918 lease.	do.	24,144.98	Oct. 1, 1919.	18,108.73
Building 136 K Street SE., Washington, D. C.	do.	5,000.00	June 30, 1919-20.	
Supply office.				
Room 605 Shaughnessy Building, Montreal, Canada.	One month—N. O. T. S.	495.00	Discontinued.	
Room 801 Shaughnessy Building, Montreal, Canada.	Two months—N. O. T. S.	83.34	do.	
SIXTH NAVAL DISTRICT.				
Two rooms near water front.				
Wharf, Wilmington.				
Two office rooms.				
Rooms.				
Rooms 406-413, Peoples Office Building, Charleston, S. C.		360.00	Feb. 1, 1919.	150.00
Wharf, Georgetown, S. C.		600.00	Mar. 1, 1919.	200.00
Three offices, 48 Society Street, Charleston, S. C.		360.00	June 30, 1919-20.	
Wharf, Beaufort, S. C.		3,072.00	Apr. 1, 1919.	768.00
Warehouse, River Street, Savannah, Ga.		3,053.40	June 30, 1919-20.	
Four rooms, Savannah, Ga.		600.00	Apr. 1, 1919.	150.00
One room, Brunswick, Ga.		1,800.00	Mar. 1, 1919.	600.00
Wharf, Brunswick, Ga.		600.00	June 30, 1919-20.	
Warehouse, Fernandina, Fla.		600.00	Mar. 1, 1919.	200.00
Wharf and pier, Jacksonville, Fla.		720.00	do.	240.00
Two rooms, Jacksonville, Fla.		360.00	do.	120.00
Three garages, Charleston, S. C.		360.00	do.	120.00
Rooms, Concord Street, Charleston, S. C.		140.00	Jan. 1, 1919.	90.00
Two rooms, Timrod Inn, Charleston, S. C.		300.00	Apr. 1, 1919.	75.00
Two rooms, Beaufort, S. C.		540.00	Mar. 1, 1919.	180.00
Two rooms, Timrod Inn, Charleston, S. C.		174.00	do.	85.00
One room, Postal Telegraph Co., East Bay Street, Charleston, S. C.		480.00	do.	160.00
Three offices, Savannah, Ga.		72.00	June 30, 1919-20.	
Clyde Warehouse, Fernandina, Fla.		900.00	Mar. 1, 1919.	300.00
41 Broad Street, Jacksonville, Fla.		100.00	Apr. 1, 1919.	25.00
Garage, Charleston, S. C.		100.00	Mar. 1, 1919.	60.00
Three rooms, 20 East Bay Street, Savannah, Ga.		300.00	Feb. 1, 1919.	125.00
One room, Timrod Inn, Charleston, S. C.		200.00	Mar. 1, 1919.	300.00
Five warehouses, Charleston, S. C.		900.00	Feb. 1, 1919.	
Coal wharf, Mayport, Fla.		240.00	Mar. 1, 1919.	
Armory, Jacksonville, Fla.		17,025.00	June 30, 1919-20.	
Garage, Charleston, S. C.		60.00	Mar. 1, 1919.	20.00
Nine rooms, Peoples Office Building.		1.00	do.	33
		185.00	Feb. 1, 1919.	70.00
		5,188.73	Mar. 15, 1919.	
Headquarters, sixth naval district (64 months).				

List of leases and rentals of land and buildings for naval purposes—Continued.

APPROPRIATION, "PAY, MISCELLANEOUS"—Continued.

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
SEVENTH NAVAL DISTRICT.				
Office space, Municipal Building, Tampa, Fla.	Section headquarters.	\$120.00	Mar. 1, 1919.	\$40.00
T. & O. Steamship Docks Warehouse, Key West, Fla.	Training camp, Key West, Fla.	1,200.00	June 30, 1919-20.	
Building, corner of Wall Street and Duval Street, Key West, Fla.	Offices for seventh naval district.	500.00	May 1, 1919.	83.33
Warehouse from Mallory Steamship Co., Key West, Fla.	Storage of special equipment for submarine chasers.	1,200.00	June 30, 1919-20.	
Two-story building opposite naval station, Whitehead Street, Key West, Fla.	Office space, district aid for information.	840.00	May 1, 1919.	140.00
Western Union Telegraph Building, Key West, Fla.	Cable censor's office, Key West.	240.00	June 30, 1919-20.	
Fair Building, Miami, Fla.	Administration of second section.	1.00	Jan. 1, 1919.	.50
Tract of land, Dinner, Miami, Fla.	Aviation station.	1.00	June 30, 1919-20.	
Tract of land, township 9, Calhoun County, Fla.	Aviation rest station.	1.00	do.	
Land, Magnolia Bluff, Fla.	District act.	1.00	do.	
EIGHTH NAVAL DISTRICT.				
Dock space, 70 by 70.	Information for district supply and disbursing office, radio sailing office.	600.00	Mar. 1, 1919.	200.00
Office 924, American National Insurance Building, Galveston, Tex.	District enrolling office.	240.00	do.	80.00
Rental of office, 303 Queen and Crescent Building, New Orleans, La.	District enrolling office.	510.00	June 30, 1919-20.	
Offices 225 and 228 Emanuel Building, Mobile, Ala.	do.	480.00	Mar. 1, 1919.	160.00
Offices two rooms in Blount Building, Pensacola, Fla.	Aid for information, eighth naval district.	360.00	do.	120.00
Rooms 129-122 American National Insurance Co., Galveston, Tex.	do.	720.00	do.	240.00
Room 924, American National Insurance Co., Galveston, Tex.	For public works officer.	210.00	Apr. 15, 1919.	
Room 304, Queen and Crescent Building, New Orleans, La.	For commander third section (104 months).	510.00	Mar. 1, 1919.	170.00
Rental of wharf and warehouse.	Dockage warehouse and water privileges, Cedar Key, Fla.	444.00	do.	148.00
Room 1, Federal Building, eighth naval district.	For aid for information, Pascagoula, Miss.	80.00	do.	30.00
Office rent, eighth naval district.	United States naval air station, Galveston, Tex. (8 months).	240.00	do.	
Lower steamboat landing, New Orleans.	Wharfage.	771.44	June 30, 1919-20.	
NINTH, TENTH, AND ELEVENTH NAVAL DISTRICTS.				
Rooms 641-643 Edison Building, Chicago, Ill.	Office for aid for information.	2,275.00	Mar. 1, 1919.	758.33
16 Portage Avenue, Cracknell Block, Sault Ste. Marie, Mich.	Section 2, storehouse.	600.00	do.	200.00
1 Ward 17, South Jefferson Avenue, Detroit, Mich.	Boathouse for section patrol head quarters.	800.00	do.	166.66
Jefferson Avenue, Detroit, Mich.	Patrol boat, Detroit, Mich.	3,000.00	do.	1,000.00
Foot of Belden Avenue, Detroit, Mich.	Part of boathouse.	1,000.00	do.	333.33
St. Claire Plaza, Mich.	For patrol section (July 1 to Dec. 1, 1918).	66.66	Discontinued.	
Sault Ste. Marie.	Dock property, dock for use of scout patrol boats.	300.00	Feb. 1, 1919.	125.00

Room 940, Edits on Building, 72 West Adams Street, Chicago, Ill.	Office space for Division of Inland Traffic Sept. 20 to June 30.	Office space for Division of Inland Traffic Sept. 20 to June 30.	June 30, 1919-20.	June 30, 1919-20.
Room 843, 5 and 7, Edison Building, Chicago, Ill.	Office for clerk for information (Oct. 5 to June 30, 1919).	Office for clerk for information (Oct. 5 to June 30, 1919).	2,125.00	531.25
South of Jefferson Avenue, Detroit, Mich.	Warehouse, engineer and supply officers (Oct. 1 to June 30).	Warehouse, engineer and supply officers (Oct. 1 to June 30).	450.00	150.00
1,000 feet of floor space, Edits on Building, Chicago, Ill.	Office of naval inspector of ordinance.	Office of naval inspector of ordinance.	1,650.00	
Offices, twelfth floor, Edison Building, Chicago, Ill.	Naval supply office headquarters.	Naval supply office headquarters.	1,944.00	
Rooms 307, 308, 300 Merrill Building, Milwaukee, Wis.	Inspection office.	Inspection office.	878.00	
Quarters at Kenosha, Wis.	For Kenosha patrol (6 men each Saturday night for 60 days).	For Kenosha patrol (6 men each Saturday night for 60 days).	45.00	
4 or 5 rooms, Cleveland, Ohio.	Office inspector of engineering material.	Office inspector of engineering material.	2,400.00	
413 Gwynne Building, Cincinnati, Ohio.	do.	do.	4,980.00	
413 Dime Savings Bank Building, Detroit, Mich.	do.	do.	458.00	
Ford prop. 719, Dearborn, Mich.	For training camp.	For training camp.	600.00	
Room 312, Maryland Building, Milwaukee, Wis.	Inspector of ordinance.	Inspector of ordinance.	216.00	
Gwynne Building, Cincinnati, Ohio.	Inspector of engineering material, Cincinnati, Ohio.	Inspector of engineering material, Cincinnati, Ohio.	1,080.00	
Fourth floor, 41 South Seventh Street, Minneapolis, Minn.	Officers at naval training school.	Officers at naval training school.	1,800.00	450.00
TWELFTH NAVAL DISTRICT.				
5 rooms in the Federal Trust Co.	Navy purchasing officer, San Francisco, Cal.	Navy purchasing officer, San Francisco, Cal.	4,020.00	
Tinkin Building, San Diego, Cal.	Public works officer.	Public works officer.	1,300.00	
3 rooms in Administration Building, Balboa Park, San Diego, Cal.	Office space for naval air station.	Office space for naval air station.	120.00	
2,805 square feet of floor space, Postal Telegraph Building.	Office of cable censor.	Office of cable censor.	4,200.00	
5,637 square feet of floor space, Sheldon Building.	Office supply headquarters.	Office supply headquarters.	7,410.00	928.25
Rooms 405-409, Grant Building, San Francisco, Cal.	San Francisco Branch of Mare Island Labor Board.	San Francisco Branch of Mare Island Labor Board.	1,125.00	
6,800 square feet, Sheldon Building, San Francisco, Cal.	Quarters for Naval Coast Guard.	Quarters for Naval Coast Guard.	1,200.00	400.00
Rooms, Sheldon Building.	Commandant and district supply officer.	Commandant and district supply officer.	960.00	
350 square feet floor space, Postal Telegraph Building, San Francisco.	Cable censor.	Cable censor.	290.00	
Room 7, Ferry Building.	Superior West Coast Naval Auxiliary Reserve.	Superior West Coast Naval Auxiliary Reserve.	600.00	
Assembly hall, Sheldon Building.	First-aid lectures.	First-aid lectures.	240.00	80.00
670 square feet, Postal Telegraph Building, rooms 299-10.	Cable censor's office.	Cable censor's office.	720.00	
Room 8, Ferry Building.	Superior Na. at Auxiliary Reserve.	Superior Na. at Auxiliary Reserve.	1,080.00	
Sheldon Building, 312-11.	Mechanics Vessel Building and Trade Building (8 months).	Mechanics Vessel Building and Trade Building (8 months).	600.00	
Sheldon Building, room 320.	Officer, district communication (7 months).	Officer, district communication (7 months).	350.00	
Sheldon Building, room 312.	Headquarters, Twelfth naval district.	Headquarters, Twelfth naval district.	50.00	
THIRTEENTH NAVAL DISTRICT.				
Two office rooms, Seattle, Wash.	Joint Merchant Vessel Board, Seattle, Wash.	Joint Merchant Vessel Board, Seattle, Wash.	600.00	
Office at Weirhard Hotel, Astoria, Ore.	Section commander, first section.	Section commander, first section.	480.00	160.00
Office in Perkins Building, Tacoma, Wash.	Office of General Inspector.	Office of General Inspector.	237.00	
Total.			2,360,900.23	346,157.12

1 Plus taxes.

List of leases and rentals of land and buildings for naval purposes—Continued.
 APPROPRIATION "GUNNERY AND ENGINEERING EXERCISES."

Location.	Purpose.	Annual rental.	To be rented to.	Savings in rentals.
FIRST NAVAL DISTRICT.				
Land at Wakefield, Mass.....	Rifle range.....	\$6,000 00	June 30, 1919-20.....	
SECOND NAVAL DISTRICT.				
Land at Rumford, R. I.....	do.....	400 00	do.....	
THIRD NAVAL DISTRICT.				
Land at Caldwell, N. J.....	do.....	10 00	do.....	
FOURTH NAVAL DISTRICT.				
Land at Cape May, N. J.....	do.....	1 00	do.....	
FIFTH NAVAL DISTRICT.				
Land at Virginia Beach, Va.....	do.....	1,200 00	do.....	
Land at Glen Burnie, Md.....	do.....	1,900 00	do.....	
SIXTH NAVAL DISTRICT.				
Land at Mount Pleasant, S. C.....	do.....	1,150 00	do.....	
NINTH, TENTH, AND ELEVENTH NAVAL DISTRICTS.				
Land at Great Lakes, Ill.....	do.....	1 00	do.....	
TWELFTH NAVAL DISTRICT.				
Land at San Pedro, Cal.....	do.....	200 00	do.....	
Total.....		10,762 00		

SUMMARY.

Appropriation.	Annual rental.	Savings.
Naval training camps.....	\$123,219.26	\$22,898.64
Naval emergency fund (Steam Engineering).....	6,560 00	6,125 00
Naval emergency fund (Supplies and Accounts).....	149,928 00	28,450 00
Naval emergency fund (Contingent).....	66,000 00	2,500 00
Engineering.....	180 00	55 0
Pay of the Navy.....	28,344 00	200 00
Fuel and transportation.....	455,715.06	10,124.98
Contingent, medicine and surgery.....	4,653 00	120 00
Pay miscellaneous.....	2,380,900.23	346,157.12
Gunnery and engineering exercises.....	10,762 00	
Total.....	3,200,271.55	410,730.74

TRAVELLING EXPENSES OF CIVILIANS INSPECTION WORK.

The CHAIRMAN. For traveling expenses of civilians you seem to have created a deficiency both in 1918 and 1919, and you are proposing to increase it through the balance of the year.

Mr. REED. That is due to the large increase in the volume of inspection work and the increase of the inspection forces by the various technical bureaus.

The CHAIRMAN. They have had funds for the payment of these things.

Mr. REED. This all comes from "Pay, miscellaneous." Their appropriations are for salaries, and this is for traveling expenses. The traveling of inspectors has increased away beyond all original ideas, as a result of the large number of contracts which have been made.

The CHAIRMAN. What do you estimate your traveling expenses are going to be in the future? What have they been averaging for past months?

Mr. REED. They have been progressively going up. The payments actually made up to the 1st of November in this year were \$217,000 and that did not cover more than three months' travel, because the claims have not all come in. It has been averaging between seventy and eighty thousand dollars per month.

The CHAIRMAN. What are you figuring the balance of the year on?

Mr. REED. That it will take almost that amount.

The CHAIRMAN. What amount?

Mr. REED. About \$60,000 a month, instead of \$70,000 or \$80,000, as it has been running.

The CHAIRMAN. This statement is as of November 1?

Mr. REED. Yes, sir.

The CHAIRMAN. And eight months at \$60,000 would be \$480,000, and you are not figuring it at that rate?

Mr. REED. We are figuring it at \$58,000, which is a decrease of about 20 per cent in the way from which it has been running.

POSTAGE, TELEGRAMS, ETC.

The CHAIRMAN. For postage, telegrams, and telephone you seem to have a deficiency—a very heavy one in 1919, and a pretty good one in 1918, and you are figuring a further deficiency. What is this costing you per month?

Mr. REED. It is costing us at the rate of \$250,000 a month at the present time, sir.

The CHAIRMAN. What are you figuring it is going to cost you?

Mr. REED. A little less than that, or a little over \$200,000 a month. The expenditures by ships and from abroad have been unusually heavy, and it has been going up progressively ever since we have been in war.

The CHAIRMAN. How much a month?

Mr. REED. \$250,000 a month.

The CHAIRMAN. What is your estimate?

Mr. REED. That it will decrease so that it will be about \$205,000 to \$210,000.

The CHAIRMAN. That will make \$1,600,000?

Mr. REED. Yes, sir.

The CHAIRMAN. You have not figured that in?

Mr. REED. Yes, sir; \$1,656,000.

The CHAIRMAN. You have already an existing deficiency of \$969,000 for 1919?

Mr. REED. That \$1,650,000 is intended to take care of the \$969,000 deficiency.

The CHAIRMAN. What you are figuring is less than \$100,000 a month.

Mr. REED. Yes, sir. We evidently figured on \$100,000.

The CHAIRMAN. How was that arrived at?

Mr. REED. By taking into account the amount required for the whole year as near as we could.

The CHAIRMAN. Do you have charge of this matter?

Mr. REED. Preparing the estimates?

The CHAIRMAN. No; controlling the amount expended.

Mr. REED. No, sir.

The CHAIRMAN. Who has—anybody?

Mr. REED. That is a matter over which there is no control.

Admiral McGOWAN. The nearest control that can be exercised is under the Office of the Secretary; it comes immediately under the office of the Secretary.

The CHAIRMAN. You always send a telegram or telephone; do you ever write?

Admiral McGOWAN. The naval regulations are that letters will be used wherever possible and when that is not possible, then, the cheapest practical method of communication.

MISCELLANEOUS EXPENDITURES OF NAVAL DISTRICTS.

The CHAIRMAN. What is meant by the expenditures of naval districts?

Mr. REED. Certain miscellaneous expenses in the office of the commandants at the headquarters of naval districts which are not chargeable to regular naval appropriations. "Maintenance, Yards and Docks," "Engineering," etc., pay the bulk of the district expenses, but there are certain expenses which can not be allocated to these appropriations. "Pay, miscellaneous," provides for that.

The CHAIRMAN. What are you figuring those expenses at.

Mr. REED. The expenses up to the first of November have been \$118,000 and with the lessening of the activities we computed that we could get along with about \$16,000 for the rest of the year under that particular item.

EXPENSES OF COURTS-MARTIAL, PRISONS, PRISONERS, ETC.

The CHAIRMAN. You have an item, expenses of prisons, prisoners and courts—how do you arrive at your estimate that you will need \$401,134.20?

Mr. REED. We had a deficiency brought over from last year of \$94,134.20 and we estimate that it will take \$307,000 for the issue of clothing and various expenses of the prisoners, making a total of \$401,000.

The CHAIRMAN. How do you arrive at your estimate?

Mr. REED. It is estimated that the expenses will continue at about the same rate that we expended for the first four months of the year, \$118,000, a little less than that.

The CHAIRMAN. What are you going to do about prisoners—has any policy been adopted as to how far sentences imposed during the war will be carried out to their entirety?

Mr. REED. Not so far as we have been advised.

The CHAIRMAN. Where do you keep your military prisoners?

Mr. REED. The principal prisons are at Portsmouth and Paris Island.

The CHAIRMAN. How many prisoners have you?

Mr. REED. Something like 5,000 at the present time.

The CHAIRMAN. What does it cost a year to keep them?

Mr. REED. Under this particular appropriation?

The CHAIRMAN. Of course, you can divide it back, and so can I, but have not you any idea of what it costs to maintain your prisoners?

Mr. REED. That is being compiled now?

Ensign VINING. The expense on account of the prisoners, not including the expense of maintaining the prisons, is about \$900,000.

The CHAIRMAN. Do all of your prison expenses come out of these funds?

Ensign VINING. No, sir; the subsistence of the prisoners is paid from "Provisions, Navy." The repairs to the buildings would be charged to "Maintenance, Yards and Docks."

The CHAIRMAN. What comes out of this fund?

Ensign VINING. Out of "Pay, miscellaneous," clothing for the prisoners, transportation of prisoners and guards, coal and other fuel for heating, the gratuity when a man is discharged, and any prison expense that has to be incurred for the men. They have only \$3 a month left out of their pay, and where that is insufficient the expenses are charged to "Pay, miscellaneous."

The CHAIRMAN. You are estimating this expenditure at what for the next eight months?

Mr. REED. \$307,000. That also covers the expenses of courts-martial, stenographers, pay of witnesses, traveling expenses, and the mileage of witnesses attending the courts.

The CHAIRMAN. Do you know what it has averaged for the last six months?

Mr. REED. We actually paid out \$118,000 to cover all the expenses incurred, the actual expenses for the first three months of the year, and it would be about four times that.

The CHAIRMAN. Why does it not cover four months; this statement is as of the 1st of November?

Mr. REED. That is on the basis of the expenditures reported to us; the expenditures are not reported to us immediately.

The CHAIRMAN. Are you a full month behind?

Mr. REED. In some items we are and in other items we are not.

MAINTENANCE OF ATTACHÉS AND SPECIAL INSTRUCTION.

The CHAIRMAN. Maintenance of attachés and special instruction. What do you mean by that—what is paid out under that item?

Mr. REED. That covers the special allowance for maintenance given to our attachés abroad. They are allowed from \$100 to \$200 a month because of additional cost which they are put to by reason of their duty as naval attachés.

The CHAIRMAN. Is that authorized by law?

Mr. REED. Yes, sir.

The CHAIRMAN. It is just a general thing?

Mr. REED. It is put in for that specific purpose.

The CHAIRMAN. Have you any fixed amount?

Mr. REED. No, sir; that is fixed by the Secretary.

The CHAIRMAN. He can allow what he pleases?

Mr. REED. Yes, sir.

The CHAIRMAN. What does he allow?

Mr. REED. From \$100 for a junior officer to \$300 for certain of the more important places.

The CHAIRMAN. It is just an increase in their salary to that extent?

Mr. REED. Yes, sir.

The CHAIRMAN. It is not checked by actual expenditure?

Mr. REED. They have to file a certificate as to the expenses, and they file vouchers for their expenses so far as practicable to obtain them; yes, sir. A good part of it is paid out for official entertainment, and in that case they show the amount which was paid for the entertainment and how many people were entertained. It also covers the cost of special courses of instruction at various universities and the postgraduate course at the Naval Academy.

The CHAIRMAN. How much for maintenance of attachés and how much for instruction?

Mr. REED. I should say about 50 per cent.

The CHAIRMAN. Where do you have to pay for special instruction?

Ensign VINING. The Massachusetts Institute of Technology.

The CHAIRMAN. Do you not pay for that under the fund provided for navigation?

Mr. REED. Not for officers. This is a special course for officers. Graduates of the Naval Academy are sent to the Massachusetts Institute of Technology for a two years' course in instruction prior to being commissioned as naval constructors. Civil engineers in the same way. They select graduates of the Naval Academy and send them to the Rensselaer Polytechnic Institute. The Ordnance Department has a number of officers on duty under instruction at George Washington and Georgetown Universities taking a special course in ballistics. There are special items of that kind.

CLASSIFIED EMPLOYEES.

The CHAIRMAN. You have an item "Classified employees"?

Mr. REED. That is the pay of clerical, inspection, and messenger force in the offices of the commandants of the navy yards, courts-martial, and certain other things. That is specially provided for.

The CHAIRMAN. How many employees have you?

Mr. REED. The total annual obligation at the present time is just about \$500,000.

The CHAIRMAN. What was it before the war?

Mr. REED. The act of July 1, 1918, authorized \$500,000. The previous act authorized an expense of \$400,000, out of which about \$355,000 was paid during 1918. It has been going up gradually. There has been no radical increase. In 1918 the amount authorized to be expended was \$300,000 and it has gradually grown to \$500,000. The full amount authorized will probably not be paid out this year.

COLLECTION OF INFORMATION—SECRET SERVICE.

The CHAIRMAN. Collection of information, is that your secret-service fund?

Mr. REED. That is for the secret service. The expenditures have practically ceased under that.

The CHAIRMAN. Who is that under?

Mr. REED. Admiral Welles is the Director of Naval Intelligence.

The CHAIRMAN. You have a surplus of \$647,392.58 out of your 1919 appropriation?

Mr. REED. Yes, sir; but there was a shortage.

The CHAIRMAN. I understand, but it is not available for that shortage; you can not pay a 1918 deficiency out of a 1919 appropriation?

Mr. REED. No, sir.

The CHAIRMAN. How much of that money will you spend during the balance of this year? You say the work has practically ceased.

Mr. REED. The actual payments reported as of the 1st of November were \$352,000. There were certain outstanding obligations to be closed up in the meantime. The final saving under that will be \$300,000, making a total expenditure—

The CHAIRMAN (interposing). That is what your statement shows, but in view of the fact that your services have practically ceased and that you had \$647,000 of a balance, less any outstanding claims, why should there not be considerably more than \$300,000 returned?

Ensign VINING. There may have been some expenditures not yet reported.

The CHAIRMAN. How much are they? I should like to know about this fund in particular.

Mr. REED. I will have to check up what has been paid out on that particular item.

The CHAIRMAN. Please put in the record the actual obligations, in addition to the cash which has been paid, which exist in regard to the item "Collection of information," which is your Secret Service fund.

Mr. REED. Yes, sir.

The CHAIRMAN. What other funds have you from which you are paying for naval intelligence?

Mr. REED. That is the only one, except the appropriation for the salaries and contingent expenses at the headquarters here. That is carried in the legislative bill.

The CHAIRMAN. What are you asking for next year for that item?

Mr. REED. \$100,000.

The CHAIRMAN. What did you have prior to the war?

Mr. REED. \$100,000.

The CHAIRMAN. Have you any idea now, roughly, how many outstanding obligations there are against this account?

Mr. REED. I do not know. There may have been a number of payments made during the month of November, closing up the various accounts.

OFFICE OF NAVAL INTELLIGENCE:

January 8, 1919.

Memorandum for Director of Naval Intelligence:

1. The following is a statement of disbursements made from the confidential funds from February, 1917, to December 31, 1918; funds disbursed and obligated during the period January 1-8, 1919; and the estimated amount that it is considered will be

necessary to carry on the work of Naval Intelligence during the remainder of fiscal year of 1919, ending June 30, 1919:

Feb. 15, 1917, to June 30, 1917 (fiscal year 1917).....	\$275,371
July 1, 1917, to June 30, 1918 (fiscal year 1918).....	715,858
July 1, 1918, to Oct. 31, 1918 (fiscal year 1919).....	316,443
Nov. 1–Nov. 30, 1918 (fiscal year 1919).....	74,355
Dec. 1–Dec. 31, 1918 (fiscal year 1919).....	40,340
Jan. 1–Jan. 8, 1919 (fiscal year 1919).....	17,901

2. The following is an estimate of the funds that it is considered that it will be necessary to requisition from the balance of the appropriation as yet undrawn (\$555,000) in order to carry on the work of the Office of Naval Intelligence for the remainder of the fiscal year of 1919..... 199,200

It is estimated that this amount will be disbursed as follows:

	Estimated disbursements.	
	One month.	Six months.
Naval attachés.....	\$16,000	\$96,000
Aids for information.....	9,000	54,000
Agents abroad.....	5,000	30,000
Agents at home.....	2,200	13,200
Miscellaneous.....	1,000	6,000
Total.....	33,200	199,200

NOTE.—The following information is furnished in connection with the estimated expenses for "Aids for information," to show the scope of their work and for what their expenditures are made:

(a) Inspection of all outgoing and incoming ships (largely Scandinavian, Dutch, Spanish, and Portuguese).

(b) Inspection of water fronts along all yards and harbors.

(c) Inspection of ships' crews.

(d) Investigations of rumors of incendiary fires, explosions, etc.

(e) Investigations of the selling of intoxicating liquors to naval personnel.

There are expenditures for the collection of information which are not paid from the confidential fund, so that the full amount of \$700,000 estimated for this purpose will be needed.

MISCELLANEOUS.

The CHAIRMAN. For "Miscellaneous" you seem to be figuring on deficiency. You had \$267,858.16 of a deficiency last year, and at present \$97,066.97, but you seem to think that you are going to spend a good deal of money.

Mr. REED. That covers a good many miscellaneous items, traveling expenses, and the loss on exchange which we may have.

The CHAIRMAN. You have that already figured in up above in separate item.

Mr. REED. Expenses of officers on shore patrol, hire of launch and small boats in Asiatic waters; stationery, and recording; religious books, newspapers and periodicals, advertising, copying, ferris wheel, tolls, costs of suits, commissions, warrants, relief of vessels in distress, reports of investigations, ice for cooling of drinking water on shore that is all navy yards and stations, except naval hospitals miscellaneous supplies drawn from the naval supply account; courts-martial expenses of interned persons, and prisoners of war.

The CHAIRMAN. On what basis have you figured that you are going to spend for the balance of this year more than \$700,000 for miscellaneous items?

Mr. REED. One of the things is that our returns from abroad from Admiral Sims are not at all complete, and we expect heavy charges from over there that will go against this appropriation. We have cabled him for a detailed statement.

The CHAIRMAN. How recent is your data from abroad?

Mr. REED. We have practically nothing.

The CHAIRMAN. How long has that condition existed?

Mr. REED. There have been some few accounts of disbursing officers that have come in, but as to expenses incurred in obtaining material and services from the foreign Governments, no bills have been rendered.

The CHAIRMAN. They do not come out of this item?

Mr. REED. Part of them will.

The CHAIRMAN. According to your table there is \$1,648,502.72 that represents an existing 1918 deficiency?

Mr. REED. Yes, sir.

The CHAIRMAN. There is \$1,844,189.74 that represents an existing 1919 deficiency?

Mr. REED. Yes, sir.

The CHAIRMAN. And the difference between that sum and 6,000,000 represents what you figure you will have to spend for the balance of this fiscal year?

Mr. REED. Yes, sir.

The CHAIRMAN. In other words, you are asking a deficiency of practically the amount of your appropriation for the whole year to take care of eight months of the year?

Mr. REED. Yes, sir.

The CHAIRMAN. We will put in the record at this point the table which you have submitted showing the details of the appropriation "Pay, miscellaneous," for the two fiscal years.

(The table referred to by the chairman follows:)

Appropriation "Pay, miscellaneous."

General objects.	Appropriation.		Expenditures reported to Supplies and Accounts to Nov. 1, 1918.		Unpaid obligations reported to Supplies and Accounts to Nov. 1, 1918.		Total.	
	1918.	1919.	1918.	1919.	1918.	1919.	1918.	1919.
Mileage and travel expenses of officers.	\$30,000.00	\$90,000.00	\$1,590,044.77	\$760,361.76	\$2,320,406.53	\$33.08	\$2,140,144.93	\$33.08
Rent of buildings, etc.	600,000.00	337,000.00	333,344.20	716,273.50	1,049,617.70	2,223.10	2,149,144.93	2,223.10
Traveling expenses of civilians.	185,000.00	200,000.00	334,132.46	217,924.41	552,056.87		2,223.10	
Postage, telegrams, and telephones.	600,000.00	400,000.00	872,969.03	351,065.69	1,224,035.32		1,018,353.54	
Loss on exchange.	50,000.00	50,000.00		35,000.00	35,000.00			
Expenses of naval districts.	50,000.00	91,000.00	94,713.95		102,396.44			
Expenses of prisons, prisoners, and courts.	100,000.00	150,000.00	194,134.20	118,293.51	312,427.71		1,802.42	
Maintenance of attaches and special instruction.	100,000.00	150,000.00	132,831.70	43,807.12	176,638.82		27,294.32	
Classification of employees.	400,000.00	500,000.00	354,534.75	168,607.69	523,142.44		28,722.73	
Collection of information.	601,000.00	1,000,000.00	769,570.40	352,607.42	1,122,177.82		119,040.92	
Miscellaneous.	919,300.00	272,000.00	1,187,358.16	75,283.11	1,262,641.27			
Total.	4,185,300.00	4,350,000.00	5,834,042.72	2,846,905.70	8,680,908.42		3,347,284.04	
Unobligated balance as shown by records of Supplies and Accounts Nov. 1, 1918.								
Reductions or additional amounts required for the period from Nov. 1, 1918, to June 30, 1919.								
General objects.	Unobligated balance as shown by records of Supplies and Accounts Nov. 1, 1918.		Total.		1918.		1919.	
	1918.	1919.	1918.	1919.	1918.	1919.	1918.	1919.
Mileage and traveling expenses of officers.	D.	\$160,394.64	D.	\$1,000,439.61	D.	\$930,044.77	D.	\$1,960,000.00
Rent of buildings, etc.	S.	1,928,418.43	D.	1,661,702.63	S.	268,655.80	D.	1,563,000.00
Traveling expenses of civilians.	D.	20,147.51	D.	169,296.97	S.	149,152.46	D.	454,000.00
Postage, telegrams, and telephones.	D.	969,419.23	D.	1,242,418.86	D.	272,998.63	D.	1,656,000.00
Loss on exchange.	S.	15,000.00	S.	15,000.00	D.		S.	15,000.00
Expenses of naval district.	D.	83,318.51	S.	38,603.56	D.	44,714.95	S.	67,000.00
Expenses of prisons, prisoners, and courts.	D.	29,841.07	D.	64,290.13	D.	94,134.20	D.	307,000.00
Maintenance of attaches and special instruction.	D.	78,898.56	S.	46,066.86	D.	32,831.70	D.	82,000.00
Classified employees.	S.	302,669.58	S.	347,817.83	S.	45,148.25	S.	
Collection of information.	D.	647,392.88	D.	198,570.90	D.	108,570.90	S.	300,000.00
Miscellaneous.	D.	77,060.97	D.	180,791.19	D.	267,838.16	D.	640,000.00
Total.	D.	1,944,189.74	D.	3,492,692.46	D.	1,648,502.72	D.	6,000,000.00

NOTE.—Owing to cancellations recently decided upon in rentals of property, it appears that the total expenditures for rent for the fiscal year 1919 will be \$2,014,743.11 instead of \$2,340,000. The reduction in the number of enlisted men does not affect this appropriation, and the only reduction which can be made is on account of rent, which may be reduced by \$200,000, making the total additional amount required for 1919 \$5,500,000 instead of \$5,600,000.

PAY OF THE NAVY.

The CHAIRMAN. Under pay of the Navy you have had appropriated \$354,752,284.67. Is that right?

Mr. REED. Yes, sir.

The CHAIRMAN. You had expended as of November 1 \$194,492,-479.45, and you had an unexpended balance as of that date of \$160,-259,805.12.

Mr. REED. That indicated deficiency can be reduced about \$5,000,-000.

The CHAIRMAN. And you estimate a deficiency of \$160,704,746?

Admiral McGOWAN. There were 129,545 more men on an average during the year than it was estimated the average number during the year would be.

The CHAIRMAN. How many men did you have in the service on November 1?

Mr. REED. Four hundred and ninety-seven thousand, approximately.

The CHAIRMAN. What number do you expect to have on the first of July?

Mr. REED. Three hundred and sixty thousand on the first of next July.

The CHAIRMAN. Of course, you will not have anything like that number. On what plan have you predicated the pay for eight months?

Mr. REED. On the estimate of the Bureau of Navigation that there will be an average of 443,700 men in the Navy during the fiscal year 1919; that is, we started out with 370,000 men on the 1st of July last, and it reached the peak of about 506,000 before they stopped enrollments, and it will go down to about 359,375.

The CHAIRMAN. How many did you have on the 1st of July?

Ensign VINING. About 370,000 according to the records of the Bureau of Navigation at that time.

The CHAIRMAN. The proper way to estimate the pay of the Navy would be to take from your total fund the pay for the Navy up to December 1. That is an ascertained fact now, is it not?

Mr. REED. No, sir; we have not the returns in yet. The returns for the second quarter will not be in until some time in February or March, because they come from all over the world.

The CHAIRMAN. You are not three or four months behind?

Admiral McGOWAN. No, sir; but our returns are made quarterly and it takes some weeks to get all of them in.

Ensign VINING. The returns for the first quarter would not be submitted until about the 20th of October.

The CHAIRMAN. Have you got the returns for the first quarter?

Ensign VINING. Only from the ships that happened to be close by and from the shore stations in the United States.

Mr. REED. The returns are mailed 20 days after the close of the quarter, and very few have gotten in to us in time to be included in the October statement, which were the figures we had to use.

The CHAIRMAN. You are figuring a weighted average of what number?

Mr. REED. Four hundred and forty-three thousand seven hundred are the figures given us by the Bureau of Navigation.

The CHAIRMAN. Of course, you will not have anything like that number.

Admiral McGOWAN. All we know, sir, is what the Bureau of Navigation tells us.

The CHAIRMAN. I wish you would put in the record the latest available data you can obtain as to the number of men that you have in the service to the latest date you are able to bring it current to, with the amount of pay which that involves.

Admiral McGOWAN. Yes, sir.

The CHAIRMAN. That subtracted from the amount of pay you had leaves you the surplus you now have available, and then an estimate of the weighted average made after reconsultation with the Bureau of Navigation, having in mind the theoretical strength that you want to have on the 1st of July will probably not be reached, and on that statement submit what you consider is necessary as a deficiency for pay.

Admiral McGOWAN. Yes, sir.

Analysis of estimated deficiencies under appropriation "Pay of the Navy."

	Estimate and appropriation, acts Mar. 3, 1917, and June 16, 1917.		Expenditures, 1918.		Deficiency, 1918.		Saving.
	Number of men.	Amount.	Number of men.	Amount.	Number of men.	Amount.	
(a) Pay and allowances of officers on sea duty and other duty and officers on waiting orders.....	6,292	\$15,333,156.42	8,578	\$20,310,765.07	2,286	\$4,977,608.65	
(b) Pay of officers on the retired list.....	917	2,940,368.72	858	3,000,592.10	59 Cr.	60,223.38	
(c) Commutation of quarters for officers not occupying public quarters.....	14,682	675,679.00	116,509	2,377,262.64	11,827	1,701,603.64	
(d) Commutation of quarters for members of the Nurse Corps.....		1,000.00		5,684.82		4,684.82	
(e) Hire of quarters for officers.....	550	4,000.00		102,727.80		98,727.80	
(f) Extra pay to men on the retired list.....	7,500	492,657.34	433	369,259.23	117 Cr.	\$123,398.11	
(g) Interest on deposits by enlisted men.....		1,400,000.00		1,395,422.72		14,577.28	
(h) Pay of enlisted men.....		12,000.00		27,458.14		15,458.14	
(i) Pay of enlisted men undergoing sentence of court-martial.....	144,000	69,276,557.06	156,378	82,195,857.46	12,378	12,919,280.37	
(j) Pay of apprentice seamen under training.....	750	225,000.00	1,285	537,132.00	535	312,132.00	
(k) Pay of the Nurse Corps.....	6,000	1,267,200.00	13,868	5,425,161.60	7,868	4,157,961.60	
(l) Rent of quarters for members of the Nurse Corps.....	201	141,600.00	583	465,567.76	382	323,967.76	
(m) Pay of members of the Naval Reserve Force: Officers.....	2,217			18,597.00		6,597.00	
(n) Men.....	59,000						
Total.....		\$34,751,230.00	3,296 74,585	\$52,196,859.57	1,079 15,585	\$17,445,629.57	
		126,532,448.57		169,418,347.91		\$42,023,874.73	137,975.39

1 Rooms.

Net deficiency, \$41,885,989.34.

The CHAIRMAN. Of course, you will not have anything like that number.

Admiral McGOWAN. All we know, sir, is what the Bureau of Navigation tells us.

The CHAIRMAN. I wish you would put in the record the latest available data you can obtain as to the number of men that you have in the service to the latest date you are able to bring it current to, with the amount of pay which that involves.

Admiral McGOWAN. Yes, sir.

The CHAIRMAN. That subtracted from the amount of pay you had leaves you the surplus you now have available, and then an estimate of the weighted average made after reconsultation with the Bureau of Navigation, having in mind the theoretical strength that you want to have on the 1st of July will probably not be reached, and on that statement submit what you consider is necessary as a deficiency for pay.

Admiral McGOWAN. Yes, sir.

Analysis of estimated deficiencies under appropriation "Pay of the Navy."

	Estimate and appropriation, acts Mar. 3, 1917, and June 15, 1917.		Expenditures, 1918.		Deficiency, 1918.		Saving.
	Number of men.	Amount.	Number of men.	Amount.	Number of men.	Amount.	
(a) Pay and allowances of officers on sea duty and other duty and officers on waiting orders.....	6,292	\$15,333,156.42	8,578	\$20,310,765.07	2,286	\$4,977,608.65	
(b) Pay of officers on the retired list.....	817	2,840,388.72	858	3,070,592.10	39 Cr.	60,203.38	
(c) Commutation of quarters for officers not occupying public quarters.....	14,682	675,079.00	16,509	2,377,682.84	11,827	1,701,603.84	
(d) Commutation of quarters for members of the Nurse Corps.....		4,000.00		102,797.80		4,897.80	
(e) Hire of quarters for officers.....		4,000.00		102,797.80		98,727.80	
(f) Pay of enlisted men on the retired list.....	550	492,657.34	433	389,259.28	117 Cr.	\$123,398.11	
(g) Extra pay to men enlisted under honorable discharge.....	7,500	1,400,000.00		1,385,422.72		14,577.28	
(h) Bureaus and deposits by enlisted men.....		12,000.00		27,458.14		15,458.14	
(i) Pay of enlisted men undergoing sentences of court-martial.....	144,000	69,276,557.09	159,378	82,195,837.48	12,378	12,919,280.37	
(j) Pay of enlisted men undergoing sentences of court-martial.....	750	225,000.00	1,265	537,132.00	535	312,132.00	
(k) Pay of apprentices seamen under training.....	6,000	1,267,200.00	13,868	5,425,161.60	7,868	4,157,961.60	
(l) Pay of the Nurse Corps.....	201	141,600.00	583	445,567.76	382	323,967.76	
(m) Rent of quarters for members of the Nurse Corps.....		12,000.00		18,597.00		6,597.00	
(n) Pay of members of the Naval Reserve Force: Officers.....	2,217	34,751,230.00	3,294	52,196,859.57	1,079	17,445,629.57	
Men.....	59,000		74,585		15,585		
Total.....		126,532,448.57		168,418,347.91		\$42,023,874.73	137,975.39

1 Rooms.

2 Net deficiency, \$41,885,896.34.

Analysis of estimated deficiencies under appropriation "Pay of the Navy"—Continued.

	Estimate and appropriation, act July 1, 1918.		Estimated deficiency, 1919.	
	Number of men.	Amount.	Number of men.	Amount.
(a) Pay and allowances of officers on sea duty and other duty and officers on waiting orders.....	11,981	\$31,362,668.00		\$2,917,845.00
(b) Pay of officers on the retired list.....	1,965	3,874,391.00		
(c) Commutation of quarters for officers not occupying public quarters.....	1,19,962	2,321,258.00	140,360	6,675,869.00
(d) Commutation of quarters for members of the Nurse Corps.....		4,400.00		
(e) Hire of quarters for officers.....		24,000.00		
(f) Hire of quarters for enlisted men on the retired list.....		24,000.00		
(g) Pay of enlisted men on the retired list.....	600	540,000.00		
(h) Extra pay to men reenlisting under honorable discharge.....		1,400,000.00		
(i) Interest on deposits by enlisted men.....		15,000.00		
(j) Pay of enlisted men.....	197,040	111,925,282.00		
(k) Pay of enlisted men undergoing sentence of court-martial.....	1,800	540,000.00		
(l) Pay of apprentice seamen under training.....	20,500	8,019,800.00		
(m) Rent of quarters for Nurse Corps.....	1,001	670,800.00		
(n) Pay of members of the Naval Reserve Force: Officers.....	6,771	55,800.00		
Men.....	96,615		11,043	104,340,596.00
Total.....		227,372,946.00	128,700	113,934,130.00

1 Rooms.

NOTE.—In view of the recent statement of the Secretary of the Navy to the House Committee on Naval Affairs that the enlisted strength of the Navy will be reduced to 250,000 men July 1, 1919, the amount estimated as required for "Pay of the Navy, 1919," may be reduced by \$18,412,294, or to \$222,994,782, leaving deficiencies as follows:

Pay of the Navy, 1919.....	\$95,821,836.00
Pay of the Navy, 1917-18.....	41,865,899.34

The accrued obligation for pay and allowances of officers and men and others under "Pay of the Navy" from July 1, 1918, to Dec. 31, 1918, is approximately \$168,619,837, and the amount which will be required from Jan. 1, 1919, to June 30, 1919, is estimated to be \$164,374,946, a total of \$322,994,782 for the fiscal year 1919.
The revised estimate of the average number of men who will be in the service during the fiscal year 1919 is 408,667.

	137,407,735.34
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PROVISIONS OF THE NAVY.

The CHAIRMAN. Now, for provisions of the Navy——

Mr. REED. The same thing applies there.

Admiral McGOWAN. It is a little brother of pay of the Navy, and whatever we have said about pay of the Navy applies with equal force to provisions. If you wish, we will be glad to have that carefully scanned in the light of such information as we can get from the Bureau of Navigation.

The CHAIRMAN. You have had \$117,692,151.85, and you have expended \$98,058,523.91, and you have \$19,633,627.94 as of November 1, and you estimate that you have unpaid obligations of \$59,819,625.86, leaving a deficiency on the basis of having to meet all of these obligations of \$40,185,997.92, and you figure a total deficiency for the fiscal year of \$56,195,827.

Ensign VINING. That last figure should be changed to \$56,170,824.01.

Mr. REED. Of that deficiency, approximately \$26,000,000 is on account of the fiscal year 1918, where the number of men in the service was greater than the number estimated upon, and we estimate that \$29,000,000 additional will be required to feed for the remainder of this year the number of men we have just been discussing.

The CHAIRMAN. How much of pay of the Navy was a deficiency for 1918?

Mr. REED. \$41,885,899.34.

The CHAIRMAN. And how much of provisions of the Navy?

Mr. REED. \$26,656,089.01.

The CHAIRMAN. What do you figure the cost per capita?

Admiral McGOWAN. Fifty-five cents this year, 49.06 for last year, on an average, although it was running 52 cents during the last quarter.

The CHAIRMAN. Is this statutory?

Admiral McGOWAN. No, sir; the quantities are statutory but the subsistence is furnished in kind without regard to how much it costs.

The CHAIRMAN. To what extent have you bought in anticipation of the needs of the Navy?

Mr. REED. We have on hand at the present time about 100 days' stock for the strength of 360,000 men. All ships carry between three and six months' stock on hand, so that these stocks have not been unduly inflated. Certain of these contracts for provisions may be reduced and that is being worked on now.

Admiral McGOWAN. That is being adjusted now and all reducible contracts are being cut down as much as possible.

The CHAIRMAN. What contracts have you in quantities greater than you will need?

Admiral McGOWAN. I will have to refer to the records to ascertain that, sir.

The CHAIRMAN. You have quite a few in regard to canned goods?

Admiral McGOWAN. Yes, sir; quite a few.

The CHAIRMAN. What are you going to be able to do about them?

Mr. REED. Our deficiency, Mr. Sherley, is not based on that outstanding obligation of \$59,000,000, but on a recomputation of the amount that it will actually be required to subsist the 443,000 men for the year. The stocks on hand will be adjusted by cancellation so as not to carry over an undue balance at the end of the year.

The CHAIRMAN. They will, if they can be, and that is just the question I am asking. You have quite a number of contracts for canned goods, tomatoes in particular, which are in excess of your needs.

Admiral MCGOWAN. We are in negotiation now with those contractors. The exact status of it to-day I do not know, but we are going to cut down everything we can, but we are going to settle with those people in a manner that is mutually acceptable and satisfactory, so that when we do settle we have finished and we will not have to have claims coming in or lawsuits.

The CHAIRMAN. To what extent have you bought through the Food Bureau?

Admiral MCGOWAN. There has been a great deal of allocation, particularly in the canned goods line. The Food Administration has rounded up all of the producers of canned goods and allocated it to the Army and to the Navy and to the allies and the other governmental agencies. We get our share of it through them.

The CHAIRMAN. Do you know to what extent you would like to cancel existing contracts, assuming that there was nothing to prevent their cancellation?

Admiral MCGOWAN. I would like to cut them down just as low as we possibly can.

The CHAIRMAN. No; I mean in money. You have got \$59,000,000 worth of outstanding obligations.

Admiral MCGOWAN. I will find that out and put it in the record.

The CHAIRMAN. How far are those outstanding obligations for future deliveries and how far do they represent deliveries made but in which the payment has not actually taken place?

Ensign VINING. That, of course, we could not tell, because we do not have a record of delivery until we get notice that it has been paid.

Mr. REED. The value of the provisions obtained through allocation through the United States Food Administration during the fiscal year ending June 30, 1918, was \$7,427,260.

The CHAIRMAN. What did you buy through them?

Admiral MCGOWAN. Fruits, canned goods, and meats.

The CHAIRMAN. Did you buy all meats or just meats other than fresh meats?

Admiral MCGOWAN. Fresh meats recently have been allocated and allotted by the Food Administration.

Mr. REED. That has started since the 1st of July of this year. Before that we obtained our own competitive bids on meats.

The CHAIRMAN. Are you overstocked in meats?

Admiral MCGOWAN. No, sir.

Mr. REED. We get that only as required to load cargo ships for the fleet and to keep them filled up.

Admiral MCGOWAN. No, sir; we are not overstocked. Of course, the fresh meat we take just as we need it for cargo to be immediately issued, but the canned meats we are not overstocked on.

The CHAIRMAN. Are you overstocked on anything except canned vegetables?

Admiral MCGOWAN. So far as I can remember at the moment, we are not actually overstocked.

The CHAIRMAN. How about canned fish?

Admiral McGOWAN. I should say that if we are provident, with the number of men we think we are going to have, then our allotments and contracts would probably constitute an overstock now, unless we have settled some of them. I do not know at the moment, but I will go into that very carefully and put the information in the record, with your permission.

NAVY DEPARTMENT,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington, D. C., December 31, 1918.

Statement relative to the amount of stock on hand of the principal items of the Navy ration.

1. In September, 1918, estimates were submitted by the Navy Department to the effect that the strength of the Navy would reach 700,000 men. It was on this basis that a year's supply of seasonal items was purchased in order to provision the forces until the next producing season, due allowance having been made for the time required to enroll this number of men.

2. The attached table shows the principal items of the Navy ration with computations as to the quantities on hand, estimated consumption, etc. Practically all of these supplies have been procured during the past summer by allocation through the Food Administration in coordination with the Army and allies. With the exception of corned beef, bacon, coffee, flour, and sugar, these allocations were made for a year's supply, first, because of the military necessity of insuring sufficient supply until the next producing season; second, because allocation is applicable only to the canners direct, and this industry can deliver but once a year, at the end of the producing season. The financial advantage in buying direct from the canner before the goods become the property of the middleman is self-evident.

3. Column B shows the quantities on hand and due under contract as of December 1, 1918, these being the last figures available. No orders have been placed since that date. Column C shows the quantities required to feed the estimated number of men until December 1, 1919, based on an estimate of 360,000 men after July 1, 1919. December 1 is chosen because it is the average delivery date of these seasonal products which are packed during the summer and delivered in the fall. It is considered that this date marks the minimum limit of time for which the Navy should be stocked. This means 11 months' stock from January 1, but this time is gradually reduced until by June 30, for example, there will only be about five months' stock. The amount of stock on hand June 30, 1918, was less than 50 per cent of the year's issue. Column G shows the same information as Column C, based on estimate of 250,000 men after July 1, 1919.

4. Column D shows the quantities which it is estimated will remain on hand December 1, 1919, using the consumption in column C. Column H shows the same, using the consumption in column G. This may be regarded as the excess on hand over actual needs, such excess being brought about by the reduction in forces after purchase had been made. The greater part of these quantities have already been delivered or are en route, and cancellation therefore is impossible. Cancellation of the unshipped portions may prove inadvisable for the following reasons, as recommended by the Food Administration:

(a) Purchase having been made on the allotment plan, it is unfair to cancel the allotment of an individual canner without his concurrence.

(b) Concurrence can not be obtained without considerable cost to the Navy owing to the fact that the canners' marketing season has passed and because they have packed their product for the Army and Navy under special formulas and in special export containers which would be a detriment to their domestic sale. All the canners' associations have protested against the cancellation made by the Army and the latter has been forced to accept delivery of its allotments.

(c) Civilian prices under Food Administration rules have been figured on the basis of furnishing a fixed percentage of the pack to the Army and Navy. Cancellation would require readjustment of prices and endless confusion throughout the trade. An effort is being made now, however, to cancel any unshipped portions.

5. Column E shows the length of time each item would last after December 1, 1919, on the basis of 360,000 men; column I the same for 250,000 men. The great variations in these figures is caused by the fact that, although purchase is made on the basis of well established reliable data as to actual issues with a view to having a uniform and balanced stock, so many unusual disproportionate expenditures are made to other Government departments, allies, sales for cash, etc., that the stock becomes unbalanced. The large excess in the amount of tinned corn on hand is due to the fact that

the Navy was allotted a certain percentage of the expected pack from certain States on the basis of the average pack. The pack turned out to be unusually large and the quantity delivered to the Navy was therefore excessive.

6. In view of revised estimates as to the number of men, reductions in stocks on hand will be necessary, and, so far as possible, orders will be canceled, stocks transferred to Food Administration for disposal, or sold. The necessary steps are being taken.

A.	B.	C.	D.	E.	F.	G.	H.	I.
Article.	Quantity on hand and due Dec. 1, 1918.	Estimated consumption on basis of 416,500 men for 12 months, from Dec. 1, 1918, to Dec. 1, 1919 (see note).	Stock on hand Dec. 1, 1919 (estimated).	Number of months stock in column D will last 360,000 men.	Number of months stock in column B would have lasted 700,000 men.	Estimated consumption on basis of 339,666 men for 12 months, from Dec. 1, 1918, to Dec. 1, 1919 (see note).	Stock on hand Dec. 1, 1919, on basis of column G.	Number of months stock in column H will last 250,000 men.
Cornd beef, tinned.....	Pounds. 16,011,055	Pounds. 11,165,000	Pounds. 4,846,055	Months. 6	Months. 14	Pounds. 9,091,500	Pounds. 6,919,555	Months. 12
Bacon, tinned...	3,765,262	8,092,000	None.	None.	5	6,589,200	None.	.....
Butter.....	8,191,240	21,714,000	None.	None.	4	17,681,400	None.	.....
Coffee.....	5,828,629	16,170,000	None.	None.	4	13,167,000	None.	.....
Flour, wheat...	31,906,036	169,890,000	None.	None.	2	138,325,000	None.	.....
Milk.....	18,767,971	21,861,000	None.	None.	8	17,801,100	None.	.....
Rice.....	2,335,198	6,904,000	None.	None.	3	5,340,400	None.	.....
Sugar.....	14,904,253	58,730,000	None.	None.	24	47,823,000	None.	.....
Apricots, tinned	7,000,000	6,244,000	756,000	2	11	5,084,400	1,915,600	6
Peaches, tinned	11,000,000	8,029,000	2,971,000	5	14	6,537,900	4,462,100	11
Pears, tinned...	9,700,000	6,468,000	3,232,000	7	15	5,266,800	4,433,200	13
Peaches, dried...	1,000,000	1,057,000	None.	None.	94	960,700	139,300	2
Apples.....	1,500,000	1,933,000	None.	None.	8	1,590,300	None.	.....
Raisins.....	1,000,000	938,000	62,000	1	11	763,800	263,200	3
Beans, dried...	17,399,698	33,068,000	None.	None.	5	26,848,000	None.	.....
Salmon, tinned	8,290,884	5,068,000	3,222,884	9	16	4,126,900	4,164,084	16
Peas, tinned....	7,400,000	9,303,000	None.	None.	8	7,575,300	None.	.....
Corn, tinned....	19,140,030	8,785,000	10,355,030	16	22	7,153,500	11,986,530	27
Tomatoes, tinned.....	32,259,641	21,427,000	10,832,641	7	15	17,447,700	14,511,941	14

NOTE.—Average of 416,500 men computed as follows:

Number of men in Navy—

Average from Dec. 1, 1918, to July 1, 1919..... 413,000

Average from July 1, 1919, to Dec. 1, 1919..... 360,000

Average from Dec. 1, 1918, to Dec. 1, 1919..... 401,500

Estimated number of troops Navy will bring home every 10 days..... 15,000

Average total to be fed daily..... 416,500

NOTE.—Average of 339,666 men computed as follows:

Number of men in Navy—

Average from Dec. 1, 1918, to June 30, 1919..... 378,000

Average from July 1, 1919, to Dec. 1, 1919..... 250,000

Average from Dec. 1, 1918, to Dec. 1, 1919..... 324,666

Number of troops to be fed by Navy daily..... 15,000

Average total to be fed daily..... 339,666

COST PER CAPITA.

The CHAIRMAN. You have predicated the amount of money required on the basis of the per capita cost of feeding?

Admiral McGOWAN. Yes, sir.

The CHAIRMAN. And this estimate is made on what basis?

Mr. REED. On the basis of 443,700 men.

The CHAIRMAN. At what per capita cost?

Mr. REED. There are a number of men on special duty ashore, and so on, who get allowances varying from 75 cents to \$2 a day. The actual cost of subsisting the men is running between 52 and 53 cents, and we estimated that the average cost, including those receiving special allowances, would be 64 cents per man per day, or \$234.38 per annum.

The CHAIRMAN. What has it been in the past?

Mr. REED. It has been just a little less than that. For last year it ran actually 52 cents per man per day, but there the cost of the ration averaged 49.6 cents per man per day, and the subsistence allowances were limited to \$1.25 maximum. They have since the 1st of last August been increased to \$2, with \$2.25 as the maximum, so we estimate the average cost will be 64 cents, an increase of 12 cents per man per day.

The CHAIRMAN. The number of people who get a subsistence allowance instead of actual rations is very limited.

Mr. REED. Yes, sir; but it makes a considerable difference. For instance, between ten and fifteen thousand are receiving special allowances, men along the coast on patrol duty.

The CHAIRMAN. But all that is going to drop out.

Mr. REED. To a considerable extent.

The CHAIRMAN. It ought to drop out to a complete extent. There is no reason for patrolling the coast now.

Mr. REED. No, sir; but there is still a considerable number of men who have been and will be on duty at shore stations and so on who receive these special allowances.

The CHAIRMAN. You are again figuring on the very maximum.

Admiral McGOWAN. This goes along with pay of the navy.

The CHAIRMAN. Yes; but it more than goes along with it. It is not only subject to the revision as to the total numbers that you will have to subsist, but it is subject to an additional revision as to the character of the number of people you will have to subsist.

Mr. REED. No, sir; we have made that revision because our original estimate on which the appropriation for 1919 was gotten was figured that it would cost 65 cents per man per day, and we have revised it by reducing it one cent per man per day, which makes a material difference.

The CHAIRMAN. I wish you would reexamine this whole matter and in submitting your conclusions submit with them a table showing the basis upon which it is predicated and what you figure the cost per man per day and to what extent in numbers you count on men who are getting subsistence rather than rations.

Admiral McGOWAN. Yes, sir.

APPROPRIATION "PROVISIONS NAVY."

Appropriated:

Act of Mar. 4, 1917.....	\$10,144,943.40
Act of June 15, 1917 (including \$286,000 transferred from "Maintenance, naval auxiliaries").....	32,026,992.45
Act of July 1, 1918.....	75,520,215.50

Total amount appropriated..... 117,692,151.85

Deficiency:

Account of fiscal year 1917.....	5,404,562.33
Account of fiscal year 1918.....	21,150,526.68
Account of fiscal year 1919, estimated.....	29,615,735.00

Total estimated deficiency..... 56,170,824.01

A decrease of \$25,002.99 from the amount shown on the blue print.

1. The deficiency in the fiscal year 1917 appropriation was due to the fact that while only 62,599 men were subsisted instead of 66,727, the cost of the ration was \$0.46 per man per day instead of \$0.37 per man per day, and the value of the stores on hand increased in the sum of \$4,126,672.78.

2. The deficiency for the fiscal year 1918 was due to the fact that while the estimate was based upon subsisting 209,000 men at a cost of \$39,349,700 or \$0.516 per man per

day, there were actually subsisted 244,831 men at a cost of \$0.52 per man per day, and in addition the cost of subsisting 3,620 Marines increased \$0.116 per day, 409 additional nurses were subsisted at a cost of \$59,714 and 285 extra prisoners at a cost of \$31,207.50. The increase in the value of provisions on hand also increased \$13,697,862.40, making a total deficiency of \$21,150,526.68.

3. For the fiscal year 1919 the estimated deficiency is \$29,615,735, which is due to the fact that the original estimate was based upon subsisting 314,155 men at an average cost of \$0.65 per man per day, whereas there will be, according to the latest figures submitted by the Bureau of Navigation, 443,700 men which will cost \$0.64 per man per day.

4. In arriving at the additional amount which will be required for the 129,545 additional men and the men already in the service which are to be subsisted on rations issued in kind, an average rate of \$0.545 per man per day has been used. The cost of the ration for the last quarter of the fiscal year 1918 was \$0.52 per man per day, and so far as is known the cost has been increasing and will continue to increase during the remainder of the current fiscal year. The amount of \$29,615,735 is therefore reached by figuring:

129,545 men, at \$0.545 (\$198,925).....	\$25,769,739.12
234,155 men, at \$0.045 (\$16,425).....	3,845,995.88
Total.....	29,615,735.00

5. The cost of subsisting 359,375 men at \$0.55 per diem is \$197,656.25 per diem, so that an increase in the stock of provisions of \$19,788,035.53 during the past two years represents a quantity which will last only 100 days, a minimum which must be on hand at all times in view of the varied activities of the fleet.

6. The rates of subsistence given include not only the cost of subsistence of men who are furnished rations in kind but also all of the enlisted personnel who receive commutation in lieu of subsistence at rates varying from \$0.50 to \$2 and more per diem.

7. The cost of subsistence of men furnished rations in kind has been:

Fiscal year.	Cost per ration.	Cost per man per annum.
1916.....	\$0.3706	\$135.27
1917.....	.4308	157.24
1918.....	.496	181.04

Appropriation "Provisions, Navy."

	Estimate, fiscal year 1918.				Expenditures, fiscal year 1918.				Deficiency, fiscal year 1918.			
	Number of men.	Amount.	Average rate per day.		Number of men.	Amount.	Average rate per day.		Number of men.	Amount.	Average rate per day.	
Enlisted men.....	309,000	\$39,349,700.00	\$ 80.516		244,631	\$46,659,171.98	\$ 80.52		35,631	\$ 7,206,471.98		
Marines afloat.....	3,620	\$62,022,094.00	.38		3,620	\$65,364.90	.40		409	\$ 7,153,270.50		
Nurses.....	1,174	\$6,404.00	.40		1,583	\$6,118.00	.40		285	\$ 6,714.00		
Prisoners.....	1,000	\$109,600.00	.30		1,265	\$40,707.50	.30			\$ 31,207.50		
Officers.....	5,026	\$21,737.50	.40		1,475	\$21,737.50	.40					
Additional for reserve stock and contingencies.....		\$1,963,500.35				\$15,961,362.75				\$13,097,862.40		
Total.....		\$42,171,935.85				\$63,822,462.53				\$21,160,526.68		
	Estimate, fiscal year 1919.				Expenditures, fiscal year 1919.				Deficiency, fiscal year 1919.			
	Number of men.	Amount.	Average rate per day.		Number of men.	Amount.	Average rate per day.		Number of men.	Amount.	Average rate per day.	
Enlisted men.....	314,155	\$74,305,788.00	\$ 80.65		443,700	\$103,921,523.00	\$ 80.64		129,545	\$ 29,615,735.00		
Marines afloat.....	3,000	\$67,500.00	.50		3,000	\$47,500.00	.50					
Nurses.....	1,000	\$146,000.00	.40		1,000	\$146,000.00	.40					
Prisoners.....	1,800	\$197,100.00	.30		1,800	\$197,100.00	.30					
Officers.....	2,218	\$23,828.00	.40		2,218	\$23,828.00	.40					
Total.....		\$75,520,216.00				\$106,136,951.00				\$ 29,615,735.00		
<p> † \$188.23 per annum. † Increased cost of subsistence per man, \$0.004 per day or \$1.98 per annum. † Increased cost per man, \$0.116 per day. † Decrease of \$0.01 per diem per man. † \$234.23 per annum. † \$286.53 per annum. </p>												
129,545 men, at \$0.545 (\$198.925).....												\$25,769,739.13
284,155 men, at \$0.045 (\$16.425).....												\$ 3,845,995.88
Total.....												\$29,615,735.00
<p> NOTE.—Based upon the recent statement of the Secretary of the Navy before the House Committee on Naval Affairs that the enlisted strength of the Navy will be reduced to 250,000 men July 1, 1919, the deficiency estimate for "Provisions, Navy, 1919-20," may be reduced by \$6,968,694, the amount now required for subsistence of enlisted men being computed: Subsistence allowance for 29,435, at approximate average rate of \$2 per diem..... Subsistence in kind of 379,132 men, at 54¢ cents per man per day..... </p>												
												\$21,524,050.00
												\$ 75,428,779.00
Total.....												\$96,952,829.00
<p> The deficiency appropriations necessary therefore are: Provisions, Navy: 1919-20..... 1917-19..... 1917-18..... Total..... </p>												
												\$32,647,041.00
												\$ 3,746,230.99
												\$27,865,888.01
Total.....												\$64,202,130.00

MAINTENANCE, BUREAU OF SUPPLIES AND ACCOUNTS.

The CHAIRMAN. The next is "Maintenance, Bureau of Supplies and Accounts." First, what do you include under that head?

Mr. REED. That general item covers activities in connection with storehouses and supplies, labor in supply departments, the actual handling of supplies, clerical and technical force, including pay of chemists, inspection and messenger forces, etc., in the storehouses, disbursing offices, accounting division, the cost inspecting offices, and then a small amount for reimbursing the Agricultural Department for the inspection of meat and meat-food products; the heavy winter or special clothing, and submarine clothing; interior fittings for storehouses in the way of shelving, bins, etc., and then there are various miscellaneous expenses on shipboard, like soap, athletic gear, cleaning materials, etc.; and also tolls and ferriages, typewriters, stationery, etc.

The CHAIRMAN. How much of the \$30,586,625 was appropriated for 1918?

Mr. REED. \$12,750,000.

The CHAIRMAN. How much deficiency did you have?

Mr. REED. \$1,716,463.29.

The CHAIRMAN. How much was appropriated for this year?

Mr. REED. \$17,836,625.

The CHAIRMAN. How much have you spent?

Mr. REED. The expenditures actually reported to us up to October 31, were \$7,440,223.12.

The CHAIRMAN. You seem to have had unpaid obligations in addition of \$2,733,303.21.

Mr. REED. Yes, sir. That is partly made up by the November allotment for labor in storehouses. To pay the salaries of laborers and clerks for the month of November, we made an allotment in October of \$1,792,524.31.

The CHAIRMAN. You had an unobligated balance of \$7,663,098.67 as of November 1?

Mr. REED. Yes, sir.

The CHAIRMAN. And that was after taking from it these unpaid obligations?

Mr. REED. Yes, sir.

The CHAIRMAN. What do you figure it is going to cost you to run from November 1 to the end of the year?

Mr. REED. \$8,226,663.

The CHAIRMAN. What do you predicate that upon?

Mr. REED. The labor expenditures are running at the rate of just under \$1,200,000 per month. So far as the supply department activities are concerned, there will be practically no decrease for the reason that the supplies coming back must be taken care of. They must be sorted out, and extra work will be involved in using up the stocks on hand in lieu of making additional purchases.

The CHAIRMAN. You do not mean that your labor expense will be as heavy as it was in the height of the war activities?

Mr. REED. It will because a good part of the work has been done by enlisted personnel who will be relieved, so that the amount required for the civilian laborers will practically not decrease. Con-

siderably over 2,000 naval reserves have been employed in the storehouses alone, and there will be a reduction in that force.

The CHAIRMAN. What are you doing with them now?

Mr. REED. Some of them are being let go, but that does not mean a reduction in the civilian end of the force.

The CHAIRMAN. The law prohibits their use in peace times, does it not?

Mr. REED. Yes, sir; on shore.

The CHAIRMAN. How do you get around that? You get around that by having a mythical ship in peace times, do you not? In peace times you have yeomen and other employees who belong to mythical ships, do you not?

Mr. REED. They are attached to ships.

The CHAIRMAN. It was only in that way that you could get them on shore?

Mr. REED. Yes, sir.

The CHAIRMAN. How much money do you figure you are going to have to spend on account of labor at storehouses?

Mr. REED. In addition to the amount set up for October, we figured we would need for the remaining seven months \$4,828,228. That is in addition to the \$428,000 shown by the unobligated balance.

OFFICE EXPENSES OF SUPPLY DEPARTMENT AND STOREHOUSES, ETC.

The CHAIRMAN. What do you include in the euphonious phrase "Other supply department activities?"

Mr. REED. In the case of some labor in the disbursing offices, and cost inspectors' offices, the labor would not be charged up to pay of classified employees. This appropriation covers the office expenses of the supply department and storehouses, the disbursing officers, the accounting officers, the cost inspectors' offices, and one or two Navy purchasing offices, which are still in existence.

The CHAIRMAN. Now, we had an item for the pay of classified employees just a few minutes ago.

Mr. REED. Under the appropriation of "Pay, miscellaneous," we cover the classified employees in the offices of the commandants of navy yards, the commandants of naval districts, general courts-martial, etc., and we have pay of classified employees under the maintenance appropriations under Construction and Repair, Ordnance and Supplies and Accounts.

The CHAIRMAN. Will you have this pay roll to continue at the present rate?

Mr. REED. So far as the classified employees are concerned, we had an annual appropriation at the beginning of the year of \$4,000,000, but that has gone to \$4,417,000 as the total annual compensation.

The CHAIRMAN. How was that?

Mr. REED. By authorizing employees to be taken on. By the reduction in the force which will be made to some extent among the classified employees, we consider that we will be able to get along with \$4,000,000.

The CHAIRMAN. What limitation is there upon it?

Mr. REED. There is no limitation upon the number of employees, but there is a limitation as to the amount that can be expended in a year for that class of help.

The CHAIRMAN. How much was the limitation?

Mr REED. \$4,000,000.

The CHAIRMAN. Will you create a deficiency there?

Mr. REED. No, sir; we consider that on that we will be able to get out even. There will be some reduction in the force.

The CHAIRMAN. How did you come out on that last year?

Mr. REED. Apparently, due to overtime expenditures, we did actually exceed the authorized limitation by \$15,000. That was something that could not be checked up.

The CHAIRMAN. Then, you have a deficiency of \$15,000?

Mr. REED. We overexpended the authorized limit by \$15,000.

The CHAIRMAN. You have got to get an appropriation for that, have you not?

Mr. REED. That is a part of the total deficiency estimate.

The CHAIRMAN. But you have to have a specific appropriation for the \$15,000?

Mr. REED. The actual specific authorization must be increased that much.

The CHAIRMAN. The comptroller will not pay these bills, will he?

Mr. REED. The comptroller does not audit these particular items in such a way as to determine the amount that has been paid.

The CHAIRMAN. Do you mean to say that the limitation is not a limitation?

Mr. REED. It is a limitation in that we use every effort to keep within it.

The CHAIRMAN. Does not the law say, "of which amount not exceeding a certain amount shall be expended for this purpose"? Do you mean to tell me that nobody checks that up so as to compel obedience to that provision of law? Is that the situation?

Mr. REED. Yes, sir; that is actually the fact.

The CHAIRMAN. That is a very amazing statement.

Mr. REED. Every effort is made to prevent a deficiency.

The CHAIRMAN. I understand, but that is altogether aside. If I understand you, the comptroller does not compel compliance with that limitation of law.

Mr. REED. The comptroller does not; no, sir.

The CHAIRMAN. How did that happen?

Mr. REED. Simply that in auditing the accounts they do not keep a record so as to determine the amount paid out for that purpose.

WINTER AND SPECIAL CLOTHING.

The CHAIRMAN. Now, you have quite an item for winter and special clothing.

Mr. REED. Yes, sir.

The CHAIRMAN. You had \$2,000,000 left over from last year. In 1918 you had \$4,500,000 for this purpose and in 1919 you got \$5,000,000 for this purpose. You had available \$4,713,100, which, with last year's balance, gives you \$6,713,100. How much of that money will you spend for the balance of this fiscal year?

Mr. REED. We figure we can turn in \$1,700,000 out of the appropriation, making a total of \$3,700,000 for the two years. There have been considerable issues. We originally contemplated an issue of about 125,000 suits for the year, but because of the decrease in

recruiting activities, and in the taking over of Shipping Board vessels, which required considerable quantities, we figure on issuing about 80,000 suits.

The CHAIRMAN. What becomes of those suits when the men go out of the service?

Mr. REED. They are retained as a part of the equipment of the ship, if they are not worn out.

The CHAIRMAN. What stock have you on hand of that special clothing?

Mr. REED. Our actual stock on hand is about \$1,000,000 worth, but that is not charged to the appropriation until it is actually issued.

The CHAIRMAN. With \$1,000,000 worth of stock on hand, how much do you expect to issue this year?

Mr. REED. There are already issued \$1,000,000 worth, and there will probably be \$500,000 worth. Undoubtedly it will still be necessary to make issues of more than \$1,000,000 worth in order to take care of the replacements.

The CHAIRMAN. If that is true, suppose you issue \$1,000,000 worth additional clothing: You would have \$500,000 worth in stock?

Mr. REED. Yes, sir; but that has not been paid for by this appropriation.

The CHAIRMAN. Where did you get the money for it?

Mr. REED. That is carried in the stores account or naval supply account. It is carried in the stores account, and the issues as made from it are charged to the appropriation to reimburse the naval supply account.

The CHAIRMAN. Is that simply a reserve amount that you get on your annual appropriation?

Mr. REED. No, sir; we get no appropriation for that. It is financed through the general account of advances and the old common stock we had years ago.

The CHAIRMAN. What is the value of the goods that you have laid up under that account?

Ensign VINING. On June 30, 1918, we had \$148,204,023.81.

The CHAIRMAN. You say you need \$1,000,000 worth of this clothing? Now, you have got \$6,713,000.

Mr. REED. Not in clothing.

The CHAIRMAN. But in money.

Mr. REED. Of balance on hand, but not actually charged; yes, sir.

The CHAIRMAN. Then, why should you not turn back into the Treasury \$5,713,000?

Mr. REED. Because we will need to issue something like \$3,000,000 worth of clothing more during this winter, and some has been issued for replacement of clothing on hand. We will have to issue about 80,000 suits.

The CHAIRMAN. How many suits have you on hand?

Mr. REED. We have about twenty-five or thirty thousand on hand, and there are others under contract coming in.

The CHAIRMAN. How much do they amount to? As to those you have on hand, you have paid for them, have you not?

Mr. REED. No, sir.

The CHAIRMAN. Here, again, you go back to that mythical arrangement. You paid for them out of the general supplies account.

Mr. REED. Out of naval supply account.

The CHAIRMAN. And so, to reimburse that fund, you need how much money?

Mr. REED. For issues we will have to make for the rest of this year we will need \$3,000,000.

The CHAIRMAN. How much clothing is there in naval supply account that you want to buy from this?

Ensign VINING. The report shows \$645,000 worth on June 30.

Mr. REED. There have been purchases since that time.

The CHAIRMAN. You are going to buy \$1,000,000 worth additional?

Mr. REED. Yes, sir.

The CHAIRMAN. Even taking that at its face, it will be less than \$2,000,000.

Mr. REED. We estimate that our issues would be about 80,000 suits, at \$40, or approximately \$3,200,000, and we have about \$1,000,000 worth on hand. Our subsequent deliveries and purchases under contract would be about \$2,200,000 for the replacements. This is heavy winter clothing, or special clothing, that has not been in use for any great length of time.

The CHAIRMAN. That was largely to take care of the fleet in the North Sea.

Mr. REED. They will keep the winter clothing, or will continue to use it, because we do not expect the fleets to resume their Guantanamo cruises.

The CHAIRMAN. The fleet will be coming home.

Mr. REED. But it will be in northern waters a good part of the time, and will not be at Guantanamo. This heavy clothing has been furnished for outfitting the men in our own northern climate.

The CHAIRMAN. How many men have been equipped with this clothing and how many men are you figuring on equipping?

Mr. REED. I have not the figures here and I will have to put that in the record. (See p. 413.)

The CHAIRMAN. How many are you figuring on equipping, in addition?

Mr. REED. It will be about 80,000 suits of the various kinds—submarine and heavy winter clothing.

The CHAIRMAN. On what do you predicate that estimate of 80,000?

Mr. REED. It is based largely on replacements and on some additional destroyers and ships coming into commission, and every member of the crew has to have a full winter outfit.

The CHAIRMAN. Do you always sell from your general naval account stores at the price that you pay?

Mr. REED. The fund is always reimbursed for the full value of the cost of the article. If it should deteriorate, through being in stock so that it had to be reappraised and taken up at a less value, the loss would be charged off to current bureau appropriations, depending upon the ratios that the bureaus ordinarily use that particular material; so that the fund is always reimbursed in full.

The CHAIRMAN. If I understand the operation of this system, you carry no balance of stock to the account of any appropriation.

Ensign VINING. We have provisions, clothing, and ordnance stores under the appropriation.

Mr. REED. This covers miscellaneous supplies of all characters. We have ordnance accounts that cover ordnance material. Pro-

vision is carried in a special account, and clothing, which is also a reimbursable fund, except special winter clothing, is carried in the clothing fund—that is, what is paid for either by the enlisted men or by reimbursements from the appropriation for outfits on first enlistment.

The CHAIRMAN. Why should you make that distinction? If this is a good rule, why does it not operate for clothing and supplies?

Mr. REED. This heavy winter clothing is a special clothing that is given to the men.

The CHAIRMAN. That is not what I am asking you. If your rule as to your naval supply account is a good rule, why do you not apply it to clothing and provisions, as well as to other things?

Mr. REED. Clothing is a reimbursable fund which is reimbursed by sales, and we have found it advantageous to keep a separate detailed account. It could be handled under the naval supply account. In the case of provisions, it is inadvisable to handle them in that way for the reason that any losses or deteriorations must be charged against some appropriation, and it has been feared that a serious loss under subsistence occurring in any one year would leave us way in the hole, so that we carry that direct, because it is for one specific thing.

Ensign VINING. Another reason for the naval supply account is to get away from having duplicate stocks of goods. You do not have duplicate stocks of provisions and you do not have duplicate stocks of ordnance materials since only one bureau wants these articles. In the case of general stores, nails, or paint, or anything like that, several bureaus might want those articles, and it would mean maintaining separate stocks for each bureau.

The CHAIRMAN. Not necessarily. You could throw it into a legitimate account. The effect of this is to enable you to get, to the extent of your total appropriation, anything that you want.

Mr. REED. Yes, sir.

The CHAIRMAN. Which means it makes a lump sum of all your appropriations, and you can create deficiencies and then come back to us, as you so constantly do.

INTERIOR FITTINGS FOR STOREHOUSES.

Interior fittings for storehouses, you are figuring there a deficiency this year of \$100,000. Have you already incurred that?

Mr. REED. That has been incurred; yes, sir.

The CHAIRMAN. How did you happen to have a deficiency in this item?

Mr. REED. There is not a specific limitation as to the amount that can be spent; I mean, the total of the appropriation is one total, and these other figures showing what has been appropriated under these heads is merely in the way in which the estimates were prepared.

The CHAIRMAN. I understand; that is the way you allotted the money.

Mr. REED. Yes; it is the way it was tentatively allotted originally.

The CHAIRMAN. Do you not think you ought to check up a deficiency as large as that?

Mr. REED. Well, there were a number of large storehouses authorized and it was necessary to put equipment in them. Over \$100,000 of that went into the fleet supply base at New York, and then we had a storehouse at Boston.

MISCELLANEOUS EXPENSES ON SHIPBOARD AND ASHORE.

The CHAIRMAN. Your next item is "Miscellaneous expenses on shipboard and ashore." How do you figure your deficiency there?

Mr. REED. We figure \$19.20 per man for that miscellaneous class of expenditures, and this item is based on 443,700 men for the year. If there is any change in the number that would be reduced by \$19.20 multiplied by the number. That is what it actually costs for these miscellaneous expenses.

The CHAIRMAN. You figure a total deficiency of \$1,716,463.29 for 1918. That is ascertained?

Mr. REED. Yes, sir.

The CHAIRMAN. That we have got to pay, I presume.

Mr. REED. Yes, sir.

The CHAIRMAN. Then you figure a deficiency for 1919 of \$8,226,663?

Mr. REED. Yes, sir.

The CHAIRMAN. If that was cut \$2,000,000, it would not very seriously embarrass your bureau, would it?

Mr. REED. It is dependent on the number of men they are going to have, Mr. Sherley.

The CHAIRMAN. It is dependent also on some of your activities. In other words, if you were to try this year to economize instead of trying to spend, realizing that the Government has got to float another liberty loan, do you not think that deficiency could be considerably reduced? What do you say, Admiral? You are in charge of this bureau?

Admiral McGOWAN. I am exactly in the shape that I would rather not answer the question in that form, because we try to economize.

The CHAIRMAN. Then put it in any shape you might suggest. Do you think you have got to spend \$8,226,663 in addition to what you have had for 1919 under the head of "Maintenance, supplies, and accounts"?

Admiral McGOWAN. I do, Mr. Chairman, if the number of men furnished me is correct. If the number of men is incorrect, we will cut that down every cent that it is possible to cut it down.

Mr. REED. That would make a cut in two items—one for the winter and special clothing and the other in miscellaneous expenses, and a difference of 50,000 men—

The CHAIRMAN (interposing). It might make a difference in labor and in pay of classified employees, depending on how the business was run.

Admiral McGOWAN. The number of men is generally reflected all through my appropriations; this one not so greatly as the ones we have considered; but pay, provisions, and, to a considerable extent, maintenance, reflect the number of men and the activities in which those men are engaged. If the number is unduly large, as we may find it to be, that can be reduced, and it will be reduced, in my judgment, every dollar that is possible.

MAINTENANCE, SUPPLIES AND ACCOUNTS.

Appropriation 1917-18:

Act of Mar. 4, 1917.....	\$3, 250, 000
Act of June 15, 1917.....	3, 000, 000
Act of Oct. 6, 1917.....	4, 500, 000
Act of June 4, 1918.....	2, 000, 000

Total.....	12, 750, 000
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Appropriation 1919:

Act of July 1, 1918..... \$17,836,625

Total amount appropriated..... 30,586,625

The unpaid obligations as of November 1, 1918, amounting to \$2,724,216.72 cover expenses under the following general heads for all of the various supply departments, disbursing offices, accounting offices, and cost inspection offices and can not be reduced.

Labor and material (allotment for November)..... \$1,687,921.01
Office equipment, labor-saving devices, etc..... 232,219.99
Storehouse equipment..... 277,937.00
Miscellaneous office and storehouse expenses..... 535,225.21

Under the head of miscellaneous office and storehouse expenses, the largest outstanding amount is at New York where there is one item of \$200,000 for electric current at the provisions and clothing depot for operation of power machines, etc. Undoubtedly payment has been made on a considerable number of requisitions by this time but expenditures have not yet been reported to Supply and Accounts.

While there is an unobligated balance of \$5,955,721.87 shown as of November 1, 1918, this is a maintenance appropriation, a large part of which is used for labor and materials at navy yards for which monthly allotments are made and no obligations for the full year set up. Taking into consideration the deficiency already existing under the appropriation for 1917-18 of \$1,716,463.29 with an estimated deficiency of \$8,225,663 for 1919, the total appropriation of \$9,942,126.29 will be required.

The statement of this appropriation for 1918 is as follows:

	Appropriation.	Expenditures.	Deficiency or saving.
Labor in storehouses.....	\$3,026,500.00	\$4,595,802.00	\$1,569,302.00
Reimbursement to Department of Agriculture for meat inspection.....	20,000.00	55,000.00	1 35,000.00
Pay of classified employees.....	2,550,000.00	2,565,000.00	1 15,000.00
Winter and other special clothing.....	4,500,000.00	2,500,000.00	2 2,000,000.00
Interior fittings for storehouses.....	250,000.00	447,500.00	1 197,500.00
Miscellaneous expenses on shipboard and ashore.....	2,403,500.00	4,303,161.29	1 1,899,661.29
Total.....	12,750,000.00	14,466,463.29	1 1,716,463.29

1 Deficiency.

2 Reduction.

The amount required for 1919 has been revised upon a basis of the number of men now expected to be in the service during this year and is as follows:

	Appropriation.	Estimated expenditures.	Deficiency or saving.
Labor in storehouses.....	\$5,000,000.00	\$9,828,248.00	1 \$4,828,248.00
Reimbursement to Department of Agriculture for meat inspection.....	20,000.00	65,000.00	1 45,000.00
Pay of classified employees.....	4,000,000.00	4,000,000.00	
Heavy winter and other special clothing.....	5,000,000.00	3,300,000.00	2 1,700,000.00
Interior fittings for storehouses.....	250,000.00	350,000.00	1 100,000.00
Miscellaneous expenses on shipboard and ashore.....	3,566,625.00	8,519,040.00	1 4,952,415.00
Total.....	17,836,625.00	26,062,288.00	1 8,225,663.00

1 Deficiency.

2 Saving.

Labor in storehouses.—The expenditures from 1 July to 31 October, 1918, were \$3,508,248, or at the rate of \$877,062 per month. It is estimated that for the remaining eight months from 1 November, 1918, to 30 June, 1919, \$6,320,000 will be required at an average of \$790,000 per month. While supply department activities will greatly diminish in some lines of work, additional burdens will be placed upon it in caring for supplies and equipage turned in from vessels going out of commission and returned from abroad and in utilizing stocks on hand in lieu of purchasing new materials.

Reimbursement to Department of Agriculture.—Owing to the increase in the number of men in the Navy, there has been an increase in the quantities of meat and meat food products to be inspected so that the cost of this particular activity has increased.

Pay of classified employees.—The total annual compensation of classified employees paid from this appropriation as now authorized is \$4,700,000 per annum but the expenditures have averaged about \$333,000 per month and will continue at that rate throughout the year. As the supply department activities will now be materially reduced a reduction in force will largely be made through the release of Naval Reservists of whom more than 2,000 have been on duty in supply departments.

Heavy winter and other special clothing.—The original estimate was based upon furnishing winter clothing to all of the vessels which would be commissioned during the current fiscal year and in addition to the deck forces of Shipping Board vessels which it was expected would be operated by the Navy. Due to changed conditions the number of suits which it was expected to issue will be reduced from approximately 125,000 to 85,000 suits so that the saving under this particular item will be approximately \$1,700,000.

Miscellaneous expenses on ship board and ashore.—This item refers to the miscellaneous expenses for books and stationery afloat, office supplies, typewriters afloat, and equipment in offices under the cognizance of S. and A., cleaning gear on board ship, athletic outfits, and other articles of equipage furnished by S. and A. The original estimate for 1919 was based upon 314,000 men, at an average cost per man in 1917 which was \$12 per year, but during the war the cost has increased to a considerable extent on account of increased cost of material so that it averages \$19.20 per man; and the revised estimate has been based upon the average number of 443,700 men at \$19.20 each.

Labor expenditures at home stations, Oct. 1 to 31, 1918:

Portsmouth.....	\$29,569.92
Boston.....	110,730.29
Rhode Island Torpedo Station.....	5,349.41
Rhode Island Training Station.....	1,592.49
New York Navy Yard.....	408,119.20
Philadelphia Navy Yard.....	117,417.11
Annapolis Naval Academy.....	2,145.92
Washington Navy Yard.....	22,581.02
Ninth, Tenth, and Eleventh Naval Districts.....	203.04
Naval ordnance plants, South Carolina and West Virginia.....	329.14
Indianhead Proving Grounds.....	1,063.77
Norfolk Navy Yard.....	222,392.56
Charleston, S. C., Navy Yard.....	39,428.68
Key West, Fla., Naval Station.....	3,692.44
Pensacola, Fla., Naval Station.....	1,391.84
New Orleans Naval Station.....	4,593.13
Training station, Great Lakes.....	1,683.59
Naval hospital, Fort Lyons, Colo.....	112.32
Naval training station, California.....	671.46
Mare Island, Cal., Navy Yard.....	65,726.12
Puget Sound Navy Yard.....	35,670.85
Tiburon, Cal.....	327.92
Hampton Roads Operating Base.....	27,663.67
Philadelphia Aircraft Factory.....	1,227.37
Provisions and clothing depot, New York.....	77,327.43

Total.....\$1,181,010.65

Labor expenditures at foreign stations, August, 1918:

Cavite, P. I.....	7,828.97
Guam, M. I.....	1,055.34
Guantanamo.....	2,468.50
Hawaii.....	7,496.21
Olongapo, P. I.....	3,471.89
Tutuila.....	248.12
St. Thomas.....	386.87

Total.....22,954.90

1,203,965.59

Statement showing average number and rate of compensation of all chemists, clerical, inspection, and messenger forces in navy yards, naval stations, etc., paid from appropriation "Maintenance, supplies, and accounts" during the fiscal year ending June 30, 1919.

Yard.	Number of employees.	Total compensation per annum.
Navy yard, Portsmouth, N. H.	115	\$147,008.08
Navy yard, Boston, Mass.	153	203,322.64
Navy yard, New York, N. Y.	1,395	1,634,239.52
Navy yard, Philadelphia, Pa.	297	360,142.84
Navy yard, Washington, D. C.	140	181,189.44
Navy yard, Norfolk, Va.	413	502,975.28
Navy yard, Charleston, S. C.	142	162,249.68
Navy yard, New Orleans, La.	17	21,033.60
Navy yard, Mare Island, Cal.	177	226,227.04
Navy yard, Puget Sound, Wash.	127	161,949.36
Naval training station, Newport, R. I.	6	6,610.56
Naval torpedo station, Newport, R. I.	39	48,252.08
Naval Academy, Annapolis, Md.	16	21,634.56
Naval proving ground, Indianhead, Md.	10	12,945.68
Naval operating base, Hampton Roads, Va.	13	16,476.32
Naval station, Key West, Fla.	19	22,736.32
Naval training station, Great Lakes, Ill.	7	11,293.04
Naval training station, San Francisco, Cal.	5	6,335.12
Naval station, Guantanamo, Cuba.	8	11,192.88
Naval station, St. Thomas, V. I.	2	2,178.48
Naval station, Pearl Harbor, Hawaii.	36	42,968.64
Naval station, Guam.	5	6,335.12
Naval station, Cavite, P. I.	21	30,322.00
Naval station, Olongapo, P. I.	2	3,305.28
Naval hospital, Fort Lyons, Colo.	1	1,302.08
Naval coaling depot, Newport, R. I.	5	6,658.88
Naval coaling depot, San Diego, Cal.	5	6,064.32
Naval coaling depot, Tiburon, Cal.	3	4,582.32
Navy purchasing office, Newport, R. I.	8	10,416.64
Navy purchasing office, Baltimore, Md.	4	5,058.08
Navy disbursing office, Washington, D. C.	66	76,460.00
Navy allotment office, Washington, D. C.	28	30,620.00
Navy purchasing office, San Francisco, Cal.	11	15,675.04
Naval aircraft factory, Philadelphia, Pa.		
Total.....	3,296	4,000,680.92

Labor in storehouses—Additional requirements Nov. 1, 1918, to June 30, 1919.

Portsmouth.....	\$120,000
Boston.....	440,000
Rhode Island Torpedo Station.....	20,000
Rhode Island Training Station.....	6,500
New York Navy Yard and Supply Base.....	1,715,848
Philadelphia Navy Yard.....	472,000
Annapolis Naval Academy.....	8,500
Washington Navy Yard.....	92,000
Ninth, tenth, and eleventh naval districts.....	800
Naval ordnance plant, Charleston, W. Va.....	1,320
Indianhead Proving Grounds.....	4,400
Norfolk Navy Yard.....	892,000
Charleston (S. C.) Navy Yard.....	160,000
Key West, Fla.....	16,000
Pensacola, Fla.....	5,600
New Orleans.....	18,400
Great Lakes.....	6,800
Naval hospital, Fort Lyons.....	480
Naval Training Station, Cal.....	2,800
Mare Island, Cal.....	264,000
Puget Sound.....	150,000
Tiburon, Cal.....	1,600
Hampton Roads.....	112,000
Philadelphia Aircraft Factory.....	5,200
Provisions and clothing, New York.....	312,000
Total.....	4,828,248

NOTE.—In view of the proposed reduction from 398,375 to 250,000 of the number of men to be in the Navy July 1, 1919, the estimate of additional amount required under the appropriation "Maintenance, Supplies and Accounts," may be reduced to \$2,072,633, the reductions from the original estimates being:

Miscellaneous expenses on shipboard and ashore	\$372,633.00
Winter and other special clothing	1,400,000.00
Total reduction	2,072,633.00
Original deficiency	8,226,663.00
Deficiency now required	6,153,030.00

SPECIAL CLOTHING.

Heavy winter clothing:	
Issues reported to Nov. 1, 1918, 11,476 suits	286,900.00
Issues reported Nov. 1 to Dec. 30, 1918, 37,264 suits	232,100.00
Issues to be made Jan. 1 to June 30, 1919, 25,000 suits	500,000.00
Flash-proof clothing, issues to be made Jan. 1 to June 30, 1919, 20,000 suits	85,000.00
Submarine clothing:	
Issues to Dec. 31, 1918, 762 suits	32,000.00
Issues from Jan. 1 to June 30, 1919, 1,534 suits	64,000.00
Total	1,900,000.00

FREIGHT, SUPPLIES AND ACCOUNTS.

The CHAIRMAN. For "Freight, Supplies and Accounts," you have had an appropriation of \$6,600,000, and you seem to have expended \$12,333,036.34, making a deficiency of \$5,733,036.34, and you have unpaid obligations of \$6,355,709.48, making a total deficiency of \$12,088,745.82. You estimate that the total deficiency at the end of the year will be \$18,970,014. How much of this existing deficiency relates to 1918?

Mr. REED. \$4,578,218.12.

The CHAIRMAN. What do you include under freight?

Mr. REED. That includes all transportation charges in connection with the movement of materials for the Navy, except fuel, and includes freight and express charges. There has been a large increase in the number of shipments due to the necessity of the Government purchasing and furnishing to contractors considerable quantities of material. It was advisable to purchase this material f. o. b. works and to ship under Government bills of lading, since only the actual value of the material f. o. b. the original manufacturer's works would enter into the cost of the contract, whereas if we purchased the material delivered the profit under the cost-plus contract would have been increased due to the inclusion of the freight charges.

The CHAIRMAN. How much have you expended for freight under such circumstances?

Mr. REED. We have not been able to segregate that. The bills as they come in have not been analyzed in that way. All we have are the total obligations to date and the estimated amount required for the rest of the year and there is a deficiency of \$4,578,000 for 1918. We actually spent about \$6,000,000 during the first three months of the year and we estimate that it will take \$6,000,000 for the second quarter, but that is practically a guess. It may be two or three million dollars less and it may be two or three million dollars more. We can not tell you the supplies that we will have to move.

The CHAIRMAN. You can tell something about the quantity of the supplies?

Mr. REED. No, sir; we can not. There will be some increase of shipments between the navy yards, taking care of the surplus stock. We estimate for the last half of the year the expenditures will be approximately half what they were for the first half.

The CHAIRMAN. What do you figure the first half?

Mr. REED. \$12,000,000 in round figures.

The CHAIRMAN. How much was appropriated this year?

Mr. REED. \$4,000,000. The big expenditures began to come in the last month of the last fiscal year, and they have been constantly going up since then.

The CHAIRMAN. Have you any figures as to what you have spent this year, the past few months?

Mr. REED. Our expenditures and outstanding obligations reported to us up to the 1st of November were \$11,516,000.

The CHAIRMAN. You have never undertaken to make a computation as to the freight to be moved and the average cost?

Mr. REED. We have been working upon that, but the statistics are not in shape to tie up with this figure. In connection with the Shipping Control Board we have here a recapitulation of the material

contracted for prior to November, 1918, which is shown separately, material contracted for prior to the 1st of October, and during the month of October, and the total tonnage to be moved. That was in connection with the over-seas business. Of course, a good deal of that will not move. This shows the number of tons and cars, but does not give the cost. It shows the district from which it is to move based on this map of the Shipping Control Committee through the least congested ports. The total tonnage estimated to move was 14,055,429.7 tons. That includes only materials moving overseas, and we have no statistics as to the movement between the contractors' works and between the navy yards.

The CHAIRMAN. It seems hardly possible that you should require this total sum that you have figured, in view of the tremendously lessened movement of freight.

Mr. REED. The obligations and expenditures incurred up to the 1st of November were \$11,500,000.

The CHAIRMAN. You are figuring a total expenditure of \$19,000,000 this year?

Mr. REED. Yes, sir; \$18,391,000.

Ensign VINING. The shipments the last six months are estimated to be one-half what they were the first six months.

Mr. REED. There will be a movement from overseas which will have to be distributed to the various navy yards and storage points.

The CHAIRMAN. Most of that will not require any payments out of this fund, because it will be moved by your ships to the navy yards?

Mr. REED. Some of it will and some will have to be transferred from one point to another by commercial carriers, wherever storage is available. We can not say that we will need all of the \$18,000,000 this year, but it looks like we will, based on the past expenses.

FUEL AND TRANSPORTATION.

The CHAIRMAN. For fuel and transportation you have had \$75,262,420. How much of that was for 1918?

Mr. REED. The appropriation for 1918 was \$25,862,420.

The CHAIRMAN. Did you have a deficiency?

Mr. REED. No, sir.

The CHAIRMAN. Have a surplus?

Mr. REED. Yes, sir.

The CHAIRMAN. How much?

Mr. REED. We had a surplus of approximately \$3,000,000.

The CHAIRMAN. You have spent \$26,462,312.91?

Mr. REED. Yes, sir.

The CHAIRMAN. That is your total expenditure up to November 1 for the two years?

Mr. REED. Yes, sir; that is the total expenditure.

The CHAIRMAN. That leaves you a balance of \$488,107.09, with estimated outstanding obligations of \$6,118,187.25?

Mr. REED. Yes, sir.

The CHAIRMAN. Or a free balance of \$42,681,919.84?

Mr. REED. Yes, sir.

The CHAIRMAN. You figure that you need \$22,681,919.84 of that amount?

Mr. REED. Yes, sir.

The CHAIRMAN. And that \$20,000,000 can be returned to the Treasury. How much have you spent this year?

Mr. REED. The actual payments are about \$4,000,000.

The CHAIRMAN. If you added to that your unpaid obligations it would make a little over \$10,000,000 so far?

Mr. REED. Yes, sir.

The CHAIRMAN. Yet you are figuring that for the balance of the year you are going to spend \$22,000,000?

Mr. REED. Yes, sir.

The CHAIRMAN. How do you justify that?

Mr. REED. The outstanding obligations of \$6,000,000 are practically all made up of miscellaneous expenditures for improvements and operation of our coaling plants. Of those outstanding obligations we are reporting \$2,096,000 which can be returned. As for the amount required from November 1 to June 30, we base that on the number of ships that are to be in commission and their fuel consumption, and it will require 1,100,000 tons of coal, 3,833,353 barrels of fuel oil, 6,000,000 gallons of gasoline, and for the maintenance of the coaling stations and bunker depots, \$1,675,000; ice, tug, and vessel hire, and miscellaneous small expenses, \$2,443,537.84.

The CHAIRMAN. How many ships are you planning to have in commission?

Mr. REED. Coal burners, 410; and oil and gasoline burning vessels, 733, of various classes from battleships down to chasers, exclusive of 86 vessels under charter and operating for Navy account. That number will be in commission so far as we are at present advised during the remainder of this fiscal year. The estimate of coal consumption is based on the usual average of 15 days in port and 15 days out of port, steaming at the most economical rate of speed, which is 10 knots an hour.

The CHAIRMAN. You have 342 submarine chasers. You are not going to have them in commission?

Mr. REED. They have to come home. We will have 200 submarine chasers in commission next year.

The CHAIRMAN. You are not going to have anything like that number actually burning oil the balance of this year?

Mr. REED. Those are the figures that Operations furnished us.

The CHAIRMAN. This contemplates practically the maintenance of your whole fleet for the year.

Mr. REED. They are putting out a lot of district vessels and scouts. There will be an increase in the number of vessels in the regular Navy which will come into commission.

The CHAIRMAN. Theoretically they will come into commission, but all of your increase of the regular Navy will not go into commission.

Mr. REED. We are only figuring on the ones which are now in commission or will be in commission before the end of the fiscal year.

The CHAIRMAN. Do you use the same amount of oil or coal no matter whether they go into commission or not?

Mr. REED. No; it is based on the average length of time.

The CHAIRMAN. Have you undertaken to make a computation as to each of these?

Mr. REED. For each class of vessels for the period of eight months.

The CHAIRMAN. They will not be in commission eight months?

Mr. REED. Those ships will.

The CHAIRMAN. You will not have 342 submarine chasers in commission eight months? You may call them in commission. They will not be sailing the high seas burning oil, at least; it is hoped they will not, and it is inconceivable that they should.

Do you expect to spend any of the million dollars provided for investigating coal in Alaska?

Mr. REED. The Secretary has not definitely stated. That appropriation was put in by the Senate and not at the request of the Navy Department. During the war it was impossible to make any preparation for spending it, because it was necessary to send some special commission, and the officers were not available. Whether the Secretary will send one I can not say; it is rather problematical.

The CHAIRMAN. You have established a lot of coaling stations over the country putting in supplies of coal in stock. Are you undertaking to get all of your reserve out of this year's appropriation?

Mr. REED. No, sir; the fuel is charged to the current appropriation when it is actually issued to the ships.

The CHAIRMAN. Where did you get the fuel in the first instance?

Mr. REED. Naval supply account, general account of advances.

The CHAIRMAN. How did you get a stock there?

Mr. REED. We purchased it and had it delivered.

The CHAIRMAN. I understand you purchased it and had it delivered, but if only moneys for this year are being used for coal just as it is needed, how do you get a reserve supply?

Mr. REED. Because we have bought that under the supply account.

The CHAIRMAN. Out of what funds are you going to pay for it?

Mr. REED. Out of general account of advances which will be reimbursed when we actually issue the fuel to the ships.

The CHAIRMAN. This year?

Mr. REED. What is issued this year will be charged against this year's appropriation, and what is issued next year will be charged against next year's appropriation.

The CHAIRMAN. In the meantime where does naval supply account get its money if it does not get paid back? What appropriation did it get this money from in the first instance?

Mr. REED. Under general account of advances.

The CHAIRMAN. When you first started to buy from general account of advances, that money was taken from the Treasury?

Mr. REED. Yes, sir.

The CHAIRMAN. Out of what appropriation?

Mr. REED. It was a lien on all of our appropriations; that is, we are authorized to draw from the Treasury under general account of advances a sum not in excess of the total of the naval appropriations. Then, as expenditures are made and settlements are made by the auditor, the various appropriations are charged and general account of advances is reimbursed.

The CHAIRMAN. When you started to buy coal, how much did you buy and charge to appropriations generally, or did you charge it to this appropriation for fuel and transportation?

Mr. REED. Up to about six years ago the purchases of fuel were made specifically under the appropriation; but then the procedure was changed so as to purchase it under general account of advances in order that only the actual quantity consumed during any fiscal

year would be charged to the appropriation for that fiscal year. Otherwise, we would have been accumulating our reserve stock out of the appropriation for the year in which the fuel was not to be used.

The CHAIRMAN. How did you accumulate this sum? That is what I want to find out.

Mr. REED. We have been gradually increasing our purchases so as to get it up to a point where we would have three or four months' stock of coal.

The CHAIRMAN. Against what item did you charge those purchases?

Mr. REED. We charged them against general account advances. It has not been prorated to any appropriation as yet.

The CHAIRMAN. If I understand you, then, you have for a number of years past been really using part of all of the Navy appropriations to establish a coal reserve?

Mr. REED. No, sir.

The CHAIRMAN. Then please explain how you got your reserve?

Mr. REED. We have been using the authority to draw money out of the Treasury under general account of advances, and the authority in the act of June 15, 1910, establishing the naval supply account as a stores account to carry our reserve of material.

The CHAIRMAN. All right. You have never reimbursed by actual consumption of coal purchased from the general account of advances stock the amount of money that was originally put into coal, have you?

Mr. REED. No, sir.

The CHAIRMAN. Then you have been getting a reserve at the expense of your general appropriations?

Mr. REED. But under the authority of the law establishing the naval supply account.

The CHAIRMAN. Irrespective of what authority, the fact is, as I have said several times, and you have questioned it, that you have been creating a reserve of coal at the expense of the general appropriations of the Navy; is not that true?

Mr. REED. I can not say.

The CHAIRMAN. Well, let the Admiral tell us. How do you get your reserve of coal?

Admiral McGOWAN. The coal purchased, sir, is charged against fuel and transportation appropriation, just as any other item.

The CHAIRMAN. What do you mean by "purchased"—when it is purchased for current use or when it is purchased to be put in this reserve stock?

Admiral McGOWAN. There is no difference, sir, between current use and reserve stock. A reasonable reserve is practically current, because unless we have a reasonable reserve we are liable to be out of coal for current use. There is no large reserve supply of coal at the present time.

The CHAIRMAN. That may be, but irrespective of what the amount is or the wisdom of the policy. I want to get at the facts. When you started out buying coal you bought a given amount and charged it against the general appropriations of the Treasury.

Admiral McGOWAN. No, sir; we charged it against general account of advances which is equal in amount, but that is a cash conversion, account, a working account, and not an appropriation.

The CHAIRMAN. I understand that.

Admiral McGOWAN. Nothing is charged against any appropriation until it is drawn out for use, and then it is charged against fuel and transportation.

The CHAIRMAN. But it came out of the Treasury.

Admiral McGOWAN. Yes, sir.

The CHAIRMAN. The only money which the Navy had was money which had been appropriated for specific purposes; that is true, is it not?

Admiral McGOWAN. Absolutely.

The CHAIRMAN. Out of that money you took certain moneys to buy coal; that is true, is it not?

Admiral McGOWAN. Absolutely, sir.

The CHAIRMAN. Now, only to the extent that you annually thereafter needed coal, did you draw from annual appropriations for fuel and transportation?

Admiral McGOWAN. To reimburse that appropriation; yes, sir.

The CHAIRMAN. Then to the extent that your purchases of coal under your general account of advances exceeded the coal that was annually used and charged against fuel and transportation, to that extent, whether it be small or large, you have been drawing against the general appropriations of the Navy; is not that true?

Admiral McGOWAN. No, sir.

The CHAIRMAN. Then please explain why it is not.

Admiral McGOWAN. Because before any charge is made against any appropriation, either coal or any other appropriation, the item or items must be drawn out for use, and no charge lodges against any of these specific appropriations until it has been drawn out.

The CHAIRMAN. In point of fact, you do buy out of the general funds of the Navy that are in the Treasury. You do not allot that, however, to various items, but it is a general charge against your total appropriation. Then as a particular thing is wanted which is obtained out of the supply which you have created in the general account of advances, you get it from that supply and charge the appropriation for which it is used and credit general account of advances to that extent; is not that true?

Admiral McGOWAN. Yes, sir.

The CHAIRMAN. So that the difference which exists between what you may have drawn out in the first instance from your merged fund of Navy appropriations and the amount which you, at any particular time or series of times, draw from particular appropriations represents what you have taken from the general Navy fund?

Admiral McGOWAN. From the general account of advances.

The CHAIRMAN. The general Navy fund is what it is. I wish you would put in the record this statement which you have prepared.

Admiral McGOWAN. Yes, sir.

GENERAL ACCOUNT OF ADVANCES.

Section 3679 of the Revised Statutes, as amended by the act of February 27, 1906, reads as follows:

"No Executive Department * * * shall expend, in any one fiscal year, any sum in excess of appropriations made by Congress for that fiscal year or involve the Government in any contract or other obligation for the future payment of money in excess of such appropriations unless such contract or obligation is authorized by law."

The general account of advances was authorized by the act of June 19, 1878:

"That the Secretary of the Navy be, and he is hereby, authorized to issue his requisitions for advances to disbursing officers and agents of the Navy under a 'General

account of advances,' not to exceed the total appropriation for the Navy, the amount so advanced to be exclusively used to pay current obligations upon proper vouchers and that 'Pay of the Navy' shall hereafter be used only for its legitimate purpose, as provided by law.

"Sec. 2. That the amount so advanced be charged to the proper appropriations and returned to 'General account of advances' by pay and counter warrant, the said charge, however, to particular appropriations, shall be limited to the amount appropriated to each."

The general account of advances is not responsible for, and does not authorize, deficiencies in any appropriation. It provides merely a system of making disbursements and reimbursements through pay and counter warrants by charges to particular appropriations, which under the terms of the act "shall be limited to the amount appropriated to each."

In the Navy vessels are on duty all over the world. These vessels must be maintained and disbursements therefor are made over a wide area. Their disbursing officers have no means of knowing the status of appropriations made for the naval establishment. At one time money was placed in their hands for disbursements by allotments charged to the various bureau appropriations, but it was found that money for one department of the ship required to maintain her in cruising condition became exhausted and money for other departments was available. Such a situation was incongruous.

With a vessel, so with a fleet and so with yards and stations, and the general account of advances was established so as to provide a bookkeeping method of transmitting money to disbursing officers to pay obligations duly incurred.

The control of the money in each appropriation is by law vested in the chief of the bureau concerned, acting under the direction of the head of the department, and a system of allotments or apportionments made by the chief of the bureau concerned to the proper officer prevents deficiencies or localizes the individual responsibility for any deficiencies if they occur.

During the war emergencies were arising daily. The needs for men and ships, guns and ammunition, provisions and clothing, original and extraordinary projects which could neither be anticipated nor estimated for were increasing steadily. These new and changing conditions had to be met and met quickly in order to accomplish the mission of the Navy—to help win the war.

The CHAIRMAN. In connection with your estimate of your coal consumption and of gas consumption for various types of ships, are you assuming an activity on the part of those ships equal to that of the past?

Mr. REED. We are figuring it on a normal peace basis of 15 days in port and 15 days out.

The CHAIRMAN. If I understand this table, which I have not read in its entirety, it seems they are figuring it on the basis of 1918 consumption.

Ensign VINING. Some of the ships will probably consume more than they did in 1918, because they will do more steaming.

Analysis of amount needed under "Fuel and transportation" Nov. 1, 1918, to June 30, 1919.

Appropriation:		
1917-18.....	\$25,862,420.00	
1919.....	49,400,000.00	
Total appropriation.....	75,262,420.00	
Expenditures and obligations.....	32,580,500.16	
Available balance.....		\$42,681,919.84
Required for period from Nov. 1, 1918, to June 30, 1919, summarized:		
1,100,000 tons coal, at \$6.....	6,600,000.00	
3,833,353 barrels fuel oil, at \$2.50.....	9,583,382.00	
6,000,000 gallons gasoline, at \$0.23.....	1,380,000.00	
Maintenance of coaling plants and bunker depots.....	1,675,000.00	
Water, ice, tug and vessel hire and miscellaneous.....	2,443,537.84	
Development of Alaskan coal fields.....	1,000,000.00	
		22,681,919.84
Total reduction.....		20,000,000.00

Requirements from Nov. 1, 1918, to June 30, 1919,
itemized:

1,100,000 tons coal, at \$6..... \$6,600,000.00

As to quantity, the coal to be consumed is
based on the following vessels being in com-
mission:

	Tons.
23 battleships, mixed caliber.....	280,667
4 cruisers, first class.....	48,334
4 cruisers, second class.....	21,334
15 cruisers, third class.....	113,328
6 monitors.....	24,000
21 destroyers.....	48,000
15 coast torpedo vessels.....	24,667
17 torpedo boats.....	5,667
12 tenders.....	24,000
39 gunboats.....	33,334
4 transports.....	18,667
4 supply ships.....	18,667
7 hospital ships.....	23,334
17 fuel ships.....	45,334
12 converted yachts.....	10,000
54 mine sweepers.....	40,000
126 tugs.....	80,000
15 special type.....	30,000
15 unserviceable for war purposes.....	25,667
Miscellaneous craft operated for Navy ac- count.....	208,000
Total.....	1,100,000
Unit of \$6 per ton, analyzed:	
Average f. o. b. mine..... per ton..	3.00
Average transportation..... do.....	2.50
Trimming and miscellaneous..... do.....	.50

Total..... 6.00

3,833,353 barrels fuel oil, at \$2.50..... 9,583,382.00

As to quantity, the oil to be consumed is
based on the following vessels being in com-
mission:

	Barrels.
17 battleships, single caliber.....	1,325,757
1 monitor.....	12,000
328 destroyers.....	1,375,020
130 submarines.....	186,667
5 tenders.....	83,334
1 transport.....	17,334
1 supply ship.....	17,334
5 fuel ships.....	86,667
70 patrol vessels.....	110,000
5 tugs.....	50,000
Miscellaneous craft operating for Navy ac- count.....	569,240

Total..... 3,833,353

Fuel oil is at present being purchased under an "advance
payment" plan, and the increase in the unit price over that
estimated for last year is to take care of possible contingencies
in connection with the ultimate fixing of a price. Under
present price regulation condition, it is, of course, impractic-
able to approximate the cost to a great degree of accuracy, but
it is believed that the estimate given is fairly accurate.

6,000,000 gallons gasoline, at \$0.23..... 1,380,000.00

As to quantity, this estimate is based on a consumption
practically the same as that during 1918 and includes fuel for
200 submarine chasers, the figures as given above being about
two-thirds of the gasoline actually used during that year.
A large part of this gasoline will be used in bringing back the
subchasers at present on duty in European waters, for the opera-

Requirements from Nov. 1, 1918, to June 30, 1919, itemized—Continued.

6,000,000 gallons gasoline—Continued.

tion of motor boats already used and those to be assigned to new construction and for maintaining certain of the patrol vessels which probably will be continued in commission until after the signing of the treaty of peace.

This class of fuel is also used for aeroplane purposes, and no considerable reduction in the quantity required at the numerous stations along the Atlantic coast and elsewhere is anticipated during the period for which this estimate is submitted. In this connection the demand for gasoline for aeroplane purposes is also contingent on the policy finally adopted with respect to the large number of planes in commission and under construction and especially the disposition determined for the machines which will be brought back from the other side.

As is the case of fuel oil, it is impracticable under present price regulation conditions to accurately arrive at the unit price which will finally have to be paid for this class of fuel, but it is believed that the estimate of 23 cents per gallon is a very conservative one, the average advance payment applying on deliveries of motor gasoline during the fiscal year 1919 being 21 cents per gallon, while that on aviation gasoline is 28 cents per gallon.

Maintenance of coaling plants and bunker depots..... \$1, 675, 000.00

Itemized, according to stations, as follows:

Portsmouth, N. H.....	\$6, 000
Boston, Mass.....	130, 000
Melville, R. I.....	30, 000
New York, N. Y.....	300, 000
Philadelphia, Pa.....	30, 000
Baltimore, Md.....	60, 000
Norfolk, Va.....	425, 000
Charleston, S. C.....	90, 000
Key West, Fla.....	8, 000
Tiburon, Cal.....	90, 000
Puget Sound.....	15, 000
San Diego.....	35, 000
Pearl Harbor.....	130, 000
Washington.....	3, 500
Pichilique Bay.....	5, 000
Guantanamo.....	35, 000
Cavite-Olongapo.....	65, 000
Temple Farms, Va.....	200, 000
Miscellaneous (small stations).....	17, 500

Total..... 1, 675, 000

This item of maintenance generally may be segregated under various classifications such as labor necessary for the handling of fuel and up keep of plants, consumable supplies required in operation, spare parts and replacement of material and overhaul incident to care and preservation. In the order named the percentage of expense entering into these items is about 50, 25, 15, and 10, respectively.

Water, ice, tug, and vessel hire and miscellaneous..... 2, 443, 537.84

Itemized as follows:

Water, 1,000,000 gallons, at \$0.015..... \$15, 000.00

This water is required for vessels without evaporators or on ships where evaporating plants are inadequate to provide sufficient water for drinking, cooking, boiler-feed, and general use. The price, as estimated, is an average of the cost prevailing in United States ports and at distant stations.

Ice, 20,420,000 pounds, at \$.005..... 102, 100.00

Ice is required for cooling drinking water on vessels without ice machines on where ice-making facilities are insufficient; such

Requirements from Nov. 1, 1918, to June 30, 1919,
itemized—Continued.

Water, ice, tug, and vessel hire and miscellaneous—Continued.

Itemized as follows—Continued.

vessels include all of the smaller type on which the demand is particularly heavy during operations in Southern Waters. The estimated unit price has been arrived at by averaging the approximate cost at various home and distant ports.

Tug hire..... \$480,000.00

Under this item there are included the requirements incident to the handling of barges—embracing the services of about 15 tugs employed on an average of 20 days out of the month at an average daily rate of \$200—the tugs being needed for the shifting of fuel barges between anchorages, loading piers, and vessels.

Vessel hire..... 1,727,966.84

Included under this caption are 4 cargo coal-carrying ships of 3,000 tons dead-weight each and at \$4.15 per dead-weight ton per month. It is estimated that these vessels can be returned to owners by Feb. 1, 1919—the total charter hire during the period concerned (Nov. 1, 1918, to Feb. 1, 1919)—being approximately \$150,000.

There are also 6 tankers now engaged in the special transportation of fuel oil; 3 of these, averaging 10,500 dead-weight tons each, can be returned by about Feb. 1, 1919, and probably earlier. At the charter rate of \$4.15 per deadweight ton per month for 3 months, the services of these vessels will cost \$392,175.

There are also 2 tankers, averaging about 10,000 dead-weight tons each, which will probably have to be retained until June 30, 1919, or a total of 8 months. The charter hire on these vessels for the period specified will amount to \$664,000.

For the special transportation of coal in vessels operated under time or trip charter arrangements with the Shipping Board, there are at present involved about 13 vessels, all of which will be released upon the discharge of cargo loaded or for which assignments have been arranged.

None of this charter hire has been paid and it will therefore have to be charged against the appropriation expiring on June 30, 1919. The total tonnage carried by these vessels has amounted to about 45,000 tons, the destination involved being St. Thomas, Pearl Harbor, Bermuda, Guantanamo, Halifax, and Melville, and the average cost per ton for transportation being about \$11.50 per ton—the high average being largely brought about by reason of the large quantity of coal shipped to Pearl Harbor, approximately 20,000 tons having been delivered at that place. The estimate under this item is \$521,791.84.

Requirements from Nov. 1, 1918, to June 30, 1919,
itemized as follows—Continued.

Water, ice, tug, and vessel hire and miscella-
neous—Continued.

Itemized as follows—Continued.

Miscellaneous..... \$118,471.00

This item includes the charter of barges for use as floating storage required for the expeditious bunkering of vessels. All such barges must be continued in use during the remainder of the present fiscal year. Roughly estimated there are about 40 barges in this status and the charter rate per day approximates \$10. Most of this storage is maintained at New York, and its accessibility has contributed considerably to the short turn around of the vessels engaged in the transportation of troops and the delivery of supplies abroad. This work must necessarily continue during the fiscal year in question.

Part of the miscellaneous expenses will be accounted for through demurrage resulting from inability, for various causes beyond control, to discharge cargo at the rate specified, either under contract or in the agreement covering services involved. In some cases coaling must be interrupted to receive cargo, and at times weather conditions delay the prompt handling of fuel.

Development of Alaskan coal fields..... 1,000,000.00

This item was introduced in the last session of Congress, and although, because of high cost of material and other disadvantageous conditions incident to the war, no obligations have been incurred; a careful review of the situation has been made, the outstanding features of which are as follows:

Private lessees are unwilling or unable to explore the Alaskan coal fields to such an extent as would demonstrate whether coal in sufficient quantity and of a quality satisfactory for Navy purposes is available.

Geological reports show that large bodies of coal exist both in the Bering River and Matanuska fields. Surface and superficial mining indicates that the coal is in a badly broken and crushed condition. No mining of sufficient depth has been completed to determine whether or not the coal is of a better character or more regular formation at the lower levels.

Samples of coal from the Bering River and Matanuska fields have been tested with the view to determining their fitness for Navy use; the sample from the Bering River field proving unsatisfactory, while that from the latter field as tested on the *Maryland* in 1914 was shown to be of a quality suitable for Navy purposes.

Several attempts have been made by private lessees to mine coal in Alaska, all of which have been unsuccessful with the exception of one in the Bering River field, which is doing only prospective works; all other operations having been abandoned. If prospecting in this field proves favorable it is understood that it will be at least two years or more before private lessees could produce coal in any great quantity.

The only mining operation being conducted in the Matanuska field is that of the Alaskan Railway Commission, which is at present producing about 5,000 tons per month—practically all of which comes from the Eskra Creek mines, which is a high volatile, noncoking coal, with high ash content, even the washed coal containing over 20 per cent ash, and therefore is not suitable for Navy purposes. The Alaskan Railway Commission has, however, done some development in the Chicaloon district, from which mine the coal tested on the *Maryland* was produced; but it is understood that the commission has recently abandoned this work—the Eskra Creek mines producing a sufficient amount of coal for their use—and that the commission has no intention of developing this field and will abandon active mining whenever private lessees furnish them with sufficient coal for the needs of the railway—about 3,000 tons per month.

In explanation of the amount obligated—\$6,118,187.25 on November 1, 1918, the following summary is submitted:

Item.		Obligated.	Possible reduction.	Actually required.
BOSTON, MASS.				
1	Storage and incidental charges on coal in commercial plants reduced in keeping with new balances each month resulting from prospective issues.....	\$306,520.00		
	Under item 1 allowance can be made for a reduction caused by the discontinuance of further shipments to commercial plants, estimated.....		\$30,000.00	
	Actually required under item 1.....			\$276,520.00
2	For the bunkering of vessels, based on maximum capacity of port.....	1,750,000.00		
	Reduced by reason of changed conditions and possible diversion and return of vessels.....		1,665,000.00	
3	Amount needed balance fiscal year item 2.....			84,000.00
	Completion of Navy plant at Boston, now 85 per cent completed, including payment for equipment and material already delivered.....	345,425.00		
	Amount needed under item 3.....			345,425.00
BALTIMORE, MD.				
1	For the construction of storage, including equipment for the expeditious handling of coal made necessary by reason of an acute shortage of coal at port of Baltimore..	540,206.00		
	Curtailment of improvements upon the signing of the armistice to an extent which eliminated all further construction.....		300,000.00	
	Amount actually required to dismantle part —, plant already constructed and to maintain and operate equipment necessary to handle coal actually required during the period Nov. 1, 1918, to June 30, 1919.....			240,206.00
2	For the handling of coal incident to the direct bunkering of vessels in the port of Baltimore.....	150,000.00		
	Allowance under item 2 for return and diversion of vessels; also for services performed for ships, the expenses for bunkering of which are not now chargeable to the Navy.....		100,000.00	
	Amount actually required for bunkering of Navy vessels during the period in question.....			50,000.00
NEW YORK.				
1	Constable Hook—account completion of plant, including discharging facilities for the prompt delivery of coal stored therein.....	867,888.00		
	Of the amount set forth in item 1 there is at the present time obligated on account of work already performed..			767,888.00
	Also there will be needed for finishing the discharging trestle in order to permit prompt loading of barges for the delivery of coal to vessels, including necessary lighting system and incidental requirements.....			100,000.00
2	Hoboken, N. J., and other piers used for the bunkering of vessels.....	675,204.00		
	(This item is to cover the equipment required for the expeditious bunkering of vessels, particularly in connection with the handling of mechanical elevators used for that purpose.)			
	Work under this item is expected to be entirely completed by Jan. 1, 1919, and the amount as set forth is to defray the expenses of services and material already provided and those yet to be furnished in connection with this work.....			675,204.00
3	Bunkering of strictly Navy vessels as may be required, including the bunkering of battleships and cruisers used for the transportation of troops from overseas....	250,000.00		
	(This amount contemplates that services of bunkering battleships and cruisers engaged in troop transport will be for the account of the Navy and not chargeable to the Army, as is the case with the fuel furnished other vessels used for the exclusive transportation of troops; coaling expenses of battleships and cruisers estimated about \$75,000.)			
	Amount needed therefor for the balance of the period involved.....			250,000.00

Item.		Obligated.	Possible reduction.	Actually required.
PHILADELPHIA.				
1	For the continuance of storage plant taken over to meet emergencies but now discontinued, except so far as the issue of coal already in storage is concerned and including bills outstanding.....	\$50,000.00	.....	\$50,000.00
2	Bunkering of naval vessels at the port of Philadelphia during the remainder of the fiscal year, Nov. 1, 1918-June 30, 1919.....	25,000.00	.....	25,000.00
HAMPTON ROADS.				
1	Naval fuel storage plants Newport News and Sewall's Point—for material and services already delivered or furnished and for the completion of the final 10 per cent of the construction work now under way.....	705,000.00	.....	705,000.00
2	For the bunkering of vessels including depot equipment required therefor, and for the installation of facilities incident to the delivery of fuel under emergency conditions.....	200,000.00	.....	.....
	The total of this amount will be required to satisfactorily carry on the work at Hampton Roads.....	.....	.....	200,000.00
CHARLESTON.				
3	Coaling plant at Charleston is practically completed, all equipment having been delivered and all but about 5 per cent of the construction work finished. The amount required and obligated to this place covers both construction and equipment.....	245,000.00	.....	245,000.00
MISCELLANEOUS.				
	Sundry items outstanding on approved requisitions submitted by various stations.....	7,949.25	.....	7,949.25
	Total.....	6,118,187.25	\$2,096,000.00	4,022,187.25

If the appropriation "Fuel and transportation" is to be further reduced by "possible reductions" shown in the foregoing tabulation, the total reduction under that appropriation will be:

Previously reported.....	\$20,000,000.00
Taken from obligated balance, \$6,118,187.25, as of November 1, 1918.....	2,096,000.00
Total.....	22,096,000.00
Development, Alaskan fields.....	1,000,000.00
	23,096,000.00

Recapitulation of fuel storage and stocks as of July 1, 1917, July 1, 1918, and Nov. 1, 1918.

	Coal (tons).		Fuel oil (barrels).		Gasoline (gallons).		Gas oil (barrels).	
	Storage.	On hand.	Storage.	On hand.	Storage.	On hand.	Storage.	On hand.
July 1, 1917.....	822,263	301,454	688,700	581,118	630,000	287,591	8,333	7,288
July 1, 1918.....	1,443,636	548,539	2,792,855	723,841	745,000	1,539,408	14,738	12,128
Nov. 1, 1918.....	2,383,636	912,749	2,792,855	674,154	745,000	1,456,166	14,738	10,386

¹ Of the total fuel-oil storage shown as of July 1, 1918, and Nov. 1, 1918, there was under construction new tankage at several stations totalling approximately 2,000,000 barrels.

The increased quantity of gasoline on hand as compared with the storage shown for July 1, 1918, and Nov. 1, 1918, is due to storage of that item at several points in steel drums and other containers.

Storage capacities, stocks on hand and in transit, Nov. 30, 1918, at the principal coaling depots.

Stations.	Capacities.	On hand.	In transit.
	Tons.	Tons.	Tons.
Portsmouth, N. H.	10,000	7,049	6,963
Boston, Mass.	200,000	163,087	
Melville, R. I.	45,000	37,476	11,340
New York, N. Y.	350,000	289,000	40,678
Baltimore, Md.	40,000	5,000	
Norfolk, Va.	600,000	84,258	
Charleston, S. C.	100,000	10,578	
Key West, Fla.	12,708	7,191	
Tiburon, Cal.	135,000	90,000	
Puget Sound.	25,000	12,500	
San Diego, Cal.	39,000	1,962	
Pearl Harbor.	200,000	22,178	24,840
Guantanamo Bay, Cuba.	21,000	9,753	8,511
Cavite, Olangapo.	120,000	58,231	

Quantities in transit, of course, change monthly contingent on need for replenishment at various stations.

CHARACTERISTICS OF SPECIAL NAVAL FUEL DEPOTS.

Baltimore.—Located at Curtis Bay, Md.; 13 acres of land, property of Baltimore & Ohio Railroad; capacity, 190,000 tons, later reduced to 40,000 tons, occupying about 6 acres; type of plant, trestle and locomotive cranes; present plant as modified, locomotive cranes, coal stored along railroad tracks.

Boston.—Located at South Boston; 10 acres of land, property of Commonwealth of Massachusetts; capacity, 100,000 tons, later reduced to 75,000 tons; type of plant, trestle and locomotive cranes.

Constable Hook.—Located at Constable Hook, Bayonne, N. J.; 17 acres of land, property of Lehigh Valley Railroad; capacity, 350,000 tons; type of plant, trestle and locomotive cranes; pier taken over from Lehigh Valley Railroad, ore handling machinery taken over from Bethlehem Steel Corporation.

Philadelphia.—Anthracite plant, located at Clearfield Street, Port Richmond, Pa., taken over from Philadelphia & Reading Railway Co. for use as bituminous coal storage plant; capacity 50,000 tons, later reduced to 20,000 tons.

Hampton Roads.—Storages located at Sewall's Point and Newport News, capacity, 300,000 tons each; located on property of the Virginian and Chesapeake & Ohio Railway Cos., area of the plants being 43 and 40 acres, respectively; type of plants, trestle and locomotive cranes—electrically operated bridge.

Charleston.—Located at Charleston, S. C., on property of the Southern Railway, Kennerty estate, and Maybank Fertilizer Co.; total area 16 acres; capacity 100,000 tons; type of plant, trestle and locomotive cranes.

CLOTHING.

The CHAIRMAN. You have had for clothing \$38,071,000, all of which you seem to have expended.

Mr. REED. That is a reimbursable fund, and the total amount of it is obligated. It is somewhat overobligated, but reimbursements are coming through constantly all the time.

The CHAIRMAN. What stock have you on hand?

Ensign VINING. The balance on June 30, was \$47,612,030.93.

The CHAIRMAN. How did you get this surplus?

Mr. REED. It is not all paid for, and there are outstanding obligations. We can not turn any of it back.

The CHAIRMAN. You got \$38,000,000 in the last two years?

Mr. REED. Yes, sir.

The CHAIRMAN. And you bought \$47,000,000 worth. That is \$9,000,000 worth in excess of what you had money for.

Mr. REED. Last year our receipts were \$100,000,000 and our actual issues were \$60,000,000. It is a revolving fund. We are

purchasing and selling all the time and getting credit. This does not involve Naval Supply Account.

Mr. CANNON. Do I understand that if you do not spend this money from year to year it does not go back into the Treasury?

Mr. REED. It is a revolving fund. We had to have it increased. It was formerly about \$15,000,000, and we had it increased to \$42,000,000 in order to finance the additional men in the Navy.

The CHAIRMAN. How did it get to \$38,000,000?

Ensign VINING. That amount has been appropriated since March 4, 1917.

Mr. REED. The old fund was established back in the early thirties.

Mr. CANNON. I suppose you could have a revolving fund for the Navy, but could not for the Army.

Mr. REED. In the Army the clothing is issued free of charge, but in the Navy we give them the original outfit and then they purchase everything required to replace the issues.

The CHAIRMAN. If I understand this item, it is a capital account.

Mr. REED. Yes, sir; it is a capital account.

The CHAIRMAN. To enable you to keep sufficient stocks of goods on hand?

Mr. REED. Yes, sir. Our issues in the last fiscal year were \$101,000,000 worth of clothing, and they will undoubtedly be much larger than that this year. We should have about \$100 of clothing on hand per man on account of the distribution through the ships and at the stations, and in order to get the necessary varieties and sizes. That has been worked out on the basis of experience in past years as the quantity required.

RESERVE MATERIAL FOR NAVY.

The CHAIRMAN. The next is reserve material for Navy. What is that fund?

Mr. REED. That is a fund that was first started under the act of March 4, 1917, and then it was increased under the act of June 15, 1917. That is to provide a reserve stock of various engineering and construction specialties, including navigational instruments, that we ought to have for issue to auxiliary vessels in time of war. In time of peace these issues are to be reimbursed, but in time of war they are to be charged for without being charged to the regular appropriation.

The CHAIRMAN. Why could you not do this out of the naval supply account?

Mr. REED. We could, but it was material that moved slowly and we did not want it tied up. That is the reason we came up here and got that from the Naval Committee, and from your committee. We got \$5,000,000 for that. Now, during peace times any issues will be charged to the appropriations and the fund reimbursed.

The CHAIRMAN. Do you need the balance that you have now?

Mr. REED. It will be desirable to have it so that certain additional articles can be carried in reserve stock.

Ensign VINING. It is a class of material wanted for war purposes, and when the war is over the fund will be reimbursed. If it is issued in time of peace, the fund is reimbursed.

The CHAIRMAN. How much of this that you have spent or obligated will you get back?

Ensign VINING. We do not get anything back until the war is over. At the present time we are at war, and this material is issued without reimbursement.

The CHAIRMAN. The armistice would not affect that?

Mr. REED. No, sir. One outstanding contract is \$154,000 for searchlights to be put in stock and assigned to new battle cruisers that will not be completed for a year or more. We are building up a reserve for general purposes, and those searchlights have been assigned to those new battle cruisers.

The CHAIRMAN. Will you get that money back out of the appropriation for the cruisers?

Mr. REED. Yes, sir; that will be reimbursed and charged to the cost of construction of the vessels, "Increase in the Navy" appropriation. This is material that it is desirable to have for replacements and emergencies, and yet it runs into so much money and is such slow moving stuff, and some of it may become obsolete before it is used up, that it appears to be inadvisable to carry it in the naval supplies account. For that reason we asked for the fund which you gave us last year. You gave us \$2,000,000 and the Naval Affairs Committee gave us \$3,000,000.

TUESDAY, JANUARY 7, 1919.

NAVAL AVIATION.

STATEMENTS OF CAPT. N. E. IRWIN, DIRECTOR OF NAVAL AVIATION; COMMANDER KIRBY SMITH, BUREAU OF YARDS AND DOCKS; LIEUT. COMMANDER A. C. READ, OFFICE OF NAVAL AVIATION, AND LIEUT. C. A. LOHMANN, BUREAU OF CONSTRUCTION AND REPAIR.

BALANCE TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. Captain, there has been appropriated for aviation in the Navy \$281,516,119, and, according to the statement presented, there has been expended, as of November 1, \$68,580,458.89, leaving an unexpended balance, as of that date of \$212,935,660.11, with unpaid obligations of \$100,410,926.05, leaving an unobligated or free balance of \$112,524,734.06. There is an estimated saving on existing contract obligations through cancellations of \$36,980,000, an estimated saving by the abandonment of work contemplated of \$53,020,000, or a total estimated saving of \$90,000,000.

Capt. IRWIN. Yes, sir.

The CHAIRMAN. Now, according to the supplemental table which you have submitted here, the unpaid obligations seem to be divided up into bureaus, Navigation, Yards and Docks, Construction and Repair, Steam Engineering, and Supplies and Accounts, and you estimate that of those you can make a saving of nearly \$37,000,000.

(NOTE.—Supplemental table has been revised and as revised is as follows:)

Supplementary table Jan. 11, 1919.—Aviation appropriations—Statement.

Total of appropriations for 1917-18, 1918 and 1919..... \$281,516,119.00
 Unexpended balance as of Nov. 1, 1918..... 212,935,660.11

Items.	Bureaus.					Total.
	Yards and Docks.	Navigation.	Construction and Repair.	Steam Engineering.	Supplies and Accounts.	
Unpaid obligations to Nov. 1, 1918.....	\$8,795,886.08	\$1,704,398.43	\$63,045,292.70	\$26,836,199.27	\$29,149.57	\$100,410,926.05
Additional special obligation.....			2,100,000.00			2,100,000.00
Estimated requirements to June 30, 1919....	8,169,936.00	1,443,500.00	4,000,000.00	5,450,000.00	321,313.14	19,384,749.14
Obligations abroad.....						34,292,480.00
						156,188,155.19
Total obligations and requirements.....	16,965,822.08	3,147,898.43	69,145,292.70	32,286,199.27	350,462.71	121,895,675.19
Plus "Obligations abroad".....						34,292,480.00
Total.....						156,188,155.19
Amount that can be saved.....	106,000.00		29,042,000.00	5,718,541.00		34,866,541.00
						121,321,614.19
Available for return to Treasury.....						91,614,045.92
Balance.....						212,935,660.11

Capt. IRWIN. No, sir; of those obligations the amount to be saved is down here as \$34,866,000.

The CHAIRMAN. That is according to your revised sheet?

Capt. IRWIN. Yes, sir.

The CHAIRMAN. So that, in place of the \$36,000,000 stated here, you estimate now—

Capt. IRWIN (interposing). \$34,866,541.

The CHAIRMAN. That amount has been ascertained by an inquiry of the various bureaus?

Capt. IRWIN. Yes, sir; after a careful revision of outstanding contracts, and of what it will be possible to cancel.

CANCELLATIONS.

The CHAIRMAN. What is the character of those contracts that you expect to be able to cancel?

Capt. IRWIN. Taking them by bureaus, the contracts that would be canceled in the Bureau of Yards and Docks would be in the nature of additional construction work that we had intended to put there in order to extend the training facilities, but which will not now be required.

The CHAIRMAN. Those are really not contracts, but simply projects.

Capt. IRWIN. But they have been authorized, and contracts made.

The CHAIRMAN. And you charge them, therefore, as contract obligations?

Capt. IRWIN. Yes, sir.

The CHAIRMAN. So that this \$100,000,000 represents, not necessarily actual contract obligations, but contract obligations and authorizations?

Capt. IRWIN. Yes, sir. It was really contracted for. The material there was really contracted for.

The CHAIRMAN. It has gone to the point of actual contract obligation?

Capt. IRWIN. Yes, sir.

The CHAIRMAN. And it is estimated—

Capt. IRWIN (interposing). It is estimated that they can save at Galveston and at Montauk \$106,000.

The CHAIRMAN. There seems to be nothing under Navigation.

Capt. IRWIN. No, sir. They attempted to make an estimate of how much they could save, but the charges for training are running along so with the training that it was impossible to make a definite estimate of the expenditure.

The CHAIRMAN. There seems to be a very large estimate of saving, comparatively speaking, under Construction and Repair.

Capt. IRWIN. Yes, sir.

The CHAIRMAN. It amounts to \$29,042,000. What does that grow out of?

Capt. IRWIN. That grows out of the fact that contracts had been made for a large number of seaplanes which we will not now require, and we canceled the contracts wherever it was considered that the completion of the work was not desired.

The CHAIRMAN. That is really original construction rather than repairs?

Capt. IRWIN. It is original construction of seaplanes. It comes under the Bureau of Construction and Repair, but these are contracts with manufacturers for original construction, and with the naval aircraft factory at Philadelphia.

The CHAIRMAN. There was some \$63,000,000 worth of outstanding contracts, and you expect to be able to cancel \$29,000,000 worth of them.

Capt. IRWIN. Yes, sir.

The CHAIRMAN. What was the determining factor in your cancellations?

Capt. IRWIN. To cancel all that were not completed to a point to make their delivery more economical to the Government than canceling the contracts.

The CHAIRMAN. You have not undertaken, then, to carry on any work out of a desire to get the finished material?

Capt. IRWIN. No, sir.

The CHAIRMAN. But you have only undertaken to carry it on where the extent of the work was such that it was true economy to finish rather than to abandon it.

Capt. IRWIN. Yes, sir; except in experimental machines. We continued our construction of experimental machines even if they were only 10 per cent completed.

The CHAIRMAN. To what extent are you carrying on that work or are you proposing to carry it on?

Capt. IRWIN. They will be carried on to completion, but they represent a small percentage of it.

The CHAIRMAN. They involve how much money?

Capt. IRWIN. It will require \$1,993,000 from the 1st of November. That includes the experimental machines in various stages of completion.

The CHAIRMAN. Now, you have an estimate of outstanding obligations abroad of \$34,292,480.

Capt. IRWIN. Yes, sir.

The CHAIRMAN. What knowledge have you as to what your obligations abroad are? Does that include prospective obligations through the balance of the year, or does it represent obligations already incurred?

Capt. IRWIN. That includes obligations already incurred, and there should practically be no more obligations for aviation abroad, because the pay of the men and the feeding of the men at the stations and while at the demobilizing stations will come out of other appropriations.

ESTIMATED EXPENDITURES FOR BALANCE OF FISCAL YEAR.

The CHAIRMAN. Now, you are estimating that for the balance of the fiscal year there will be what expenditures under this appropriation, or have you got that separated?

Capt. IRWIN. Yes, sir; up to June 30.

The CHAIRMAN. I see you have here an item of \$21,353,130.74 covering that.

Capt. IRWIN. Yes, sir.

The CHAIRMAN. What constitutes that expenditure?

Commander READ. That \$21,000,000 includes what has already been obligated since November 1, up to this time, and also what will be required to go on for the rest of the year. A good deal of that has already been obligated, but it did not appear on this first original report that came in.

The CHAIRMAN. Can you tell us what it amounts to?

DEVELOPMENT AND IMPROVEMENT OF STATIONS.

Capt. IRWIN. Taking it by bureaus, for the Bureau of Yards and Docks, from November 1 up to December 14, at the time this statement or memorandum I am now quoting from was made up, obligations were incurred amounting to \$3,598,436.

The CHAIRMAN. Of what character?

Capt. IRWIN. At Anacostia for work, \$90,000. That was for the development of the station. At other stations there are various items. This is for the development of the stations so as to make them more efficient and to better the working conditions. This covers what should not be abandoned and obligations that had been incurred prior to November 1.

The CHAIRMAN. Can you tell me just what part of this \$21,000,000 is for expenditure for the balance of the year, excluding the contracts which could not be canceled, although, presumably, practically all contracts made as late as since November 1 could have been canceled in their entirety if desired?

Capt. IRWIN. Dependent upon the character of it, yes, sir; as to whether it was advisable to do so, or not.

The CHAIRMAN. What we would like to know is what you are proposing to do for the balance of the fiscal year in the way of aviation expenditures?

Capt. IRWIN. Taking the Bureau of Yards and Docks, and leaving out all the obligations of contracts that were incurred, the balance is to carry on the work during the fiscal year. That is estimated to keep the stations which we propose to operate on a reduced scale in good condition, to finish up small items that were not completed, like the finishing up of roads, walks, sewers, etc., so as to get them in a completed condition. All that is estimated at \$3,181,000.

LIGHTER-THAN-AIR STATION.

Now, that includes the proposed lighter-than-air station, or the airship station or dirigible station, which requires \$1,497,000. It has not yet been definitely decided by the department whether that will be built, but I would like to retain enough money in the fund to have it available so that if the department does finally decide that it ought to be built we would not have to ask for a deficiency to do it.

The CHAIRMAN. Why is that proposition one for a deficiency at all? Why is not that a proposition for consideration by the Congress through the Naval Affairs Committee, in connection with future appropriations? In other words, what the committee is trying to do now is to find out what moneys are absolutely required because of obligations which are already incurred, or for the necessary expenses incident to the service for the balance of the year, without including in it any projects which, however desirable, are not entered upon, and which might or might not meet the approval of Congress, in view of the fact that we are now out of the war?

Capt. IRWIN. Yes, sir; but the particular reason I think this ought to be built, although it has not been finally acted upon, is because we have coming here from abroad a number of airships that we have already purchased, and we can not cancel the purchase of them because they were so far completed when the armistice was declared that we will have to take them from the French Government, and we have no stations big enough to house those airships, unless we build one.

The CHAIRMAN. That is, provided you house them without dismantling them.

Capt. IRWIN. Yes, sir; that is true. If we were to dismantle them, they could be stored in a smaller space, but they deteriorate practically as rapidly in storage as in service, and it would be better economy to the Government to get some service and experience out of them.

The CHAIRMAN. How much is involved in this construction program?

Capt. IRWIN. That was \$1,497,000 for that specific thing.

The CHAIRMAN. And the other—

MAINTENANCE AND OPERATION OF STATIONS.

Capt. IRWIN (interposing). The rest is divided between the upkeep of stations which we propose to continue to operate. That remainder is \$3,181,000.

The CHAIRMAN. How many stations will that be divided among?

Capt. IRWIN. Seventeen.

The CHAIRMAN. That is under Yards and Docks?

Capt. IRWIN. Yes, sir.

BUREAU OF NAVIGATION.

The CHAIRMAN. Then under navigation?

Capt. IRWIN. They have no saving.

The CHAIRMAN. They may have no saving, but may have some expense?

INSTRUMENTS AND OTHER EQUIPMENT.

Capt. IRWIN. Yes, sir; I beg your pardon. Under the Bureau of Navigation the amount required will be for instruments \$1,125,000 to complete the equipment of compasses, altimeters, navigational instruments, and for photographic material.

The CHAIRMAN. For obligations that have to be met, or is that to provide additional equipment?

Capt. IRWIN. To provide equipment for the machines that it was necessary to complete because we could not cancel the contract, is the reason that the machines should be completed.

The CHAIRMAN. Is it your idea that all of these machines should be completed to the fullest extent with all the instruments that go on them?

Capt. IRWIN. Yes, sir; I think they should have a complete outfit.

The CHAIRMAN. There is a good deal of scrapping of aircraft that does not necessarily involve the wearing out of all the instruments that are put on it?

Capt. IRWIN. Yes, sir; that is sometimes the case, and sometimes the other way—the instruments go first, so that ordinarily we provide an outfit of instruments for each machine.

The CHAIRMAN. They expect to expend what amount in that regard?

Capt. IRWIN. \$1,125,000.

COMPLETION OF TRAINING.

The CHAIRMAN. What constitutes the other \$2,000,000?

Capt. IRWIN. To complete the training, \$400,000. The estimated requirement of expenditure for the various training which is under the cognizance of the Bureau of Navigation for the balance of the fiscal year is \$400,000. This is needed for the maintenance charges, for the machinist's mates, the carpenter's mates, quartermasters, coppersmiths, instrument makers, and material men, and the expenses at the various training stations and air stations which it is proposed to concentrate at the training station, Great Lakes, before the end of the fiscal year. That is, finishing up the men.

The CHAIRMAN. That still leaves something like \$1,750,000.

REPAIRS TO INSTRUMENTS AND MISCELLANEOUS.

Capt. IRWIN. There will be required to complete instruction work and other duties already authorized an allotment of funds made heretofore amounting to \$1,586,881.60. This includes expenditures made at air stations and at issuing stations for material, for repairs

to instruments, books, and other miscellaneous articles. The sum of \$300,000 will be required for issue to air stations and for repairs to material under the cognizance of this bureau and in figures not provided for in the above figures.

AMOUNT REQUIRED FOR REMAINDER OF FISCAL YEAR.

The CHAIRMAN. Is there any part of that for contracts that have been entered into and that have to be met, or was that all taken care of out of your first statement of \$1,000,000?

Capt. IRWIN. No, sir; they will come, in addition, currently as they come along.

The CHAIRMAN. What I am trying to find out is how much Navigation is required to spend because of contracts that it has to carry through, or wants to carry through, and how much represents new projects in the way of additional equipment, and so forth.

Capt. IRWIN. I do not think any of the training projects under navigation would be considered a new project; it is continuing.

The CHAIRMAN. I understand.

Capt. IRWIN. It is running along.

The CHAIRMAN. That is about \$400,000?

Capt. IRWIN. Yes, sir.

Commander READ. This was prepared as of November 1; that is, the requirements from November 1 to June 30 were placed together in one lump because the bureau reported that in their accounting system they could not tell what amount already had been obligated since the 1st of November and what actually had not been obligated, and they made one lump to last from November 1 to June 30.

The CHAIRMAN. That is a very easy method, but hardly an enlightening one. They have unpaid obligations of \$1,700,000 which they expect to meet in their entirety?

Capt. IRWIN. Yes, sir.

The CHAIRMAN. And ask for \$3,411,000 additional?

Capt. IRWIN. The unpaid obligations are on specific requisitions which they have itemized here that I have not touched upon at all.

The CHAIRMAN. That was largely to get equipment for ships that were building, was it not?

Capt. IRWIN. Well, it is for various items. For instruction, the instruction of two marine officers, etc.

The CHAIRMAN. Yes; but the big items are for materials?

Capt. IRWIN. The largest item is construction of buildings at the Great Lakes training station for the housing of the training units there, \$753,000.

The CHAIRMAN. Presumably Navigation's expenses, at least part of it, must be related to Construction and Repair?

Capt. IRWIN. No, sir.

The CHAIRMAN. Navigation buys the instruments that go on the aircraft which Construction build?

Capt. IRWIN. Yes, sir; it is related in that way.

The CHAIRMAN. What I am trying to find out is whether the expenditure here of \$3,500,000 for the balance of the year represents expenditure in equipment that is unnecessary if you are to make real curtailments. They seem to expect to have to expend everything that they have obligated themselves for and considerably over.

Capt. IRWIN. Take the item of Naval Observatory, \$1,125,000, that includes all the contracts which they had entered into for instruments after the 1st of November.

The CHAIRMAN. Unless they wanted to get rid of some of those contracts it is hardly conceivable that Navigation should find it desirable to carry out in toto all of its contracts and that Construction should be able and willing to cancel nearly \$30,000,000 of contracts.

Capt. IRWIN. The construction of the instruments comes along so much quicker after having once placed a contract, and it is not easy to cancel them.

The CHAIRMAN. But prior to November 1 there was only \$1,700,000 worth of such contracts placed and you are figuring now on \$3,500,000 for some sort of expenditure since that date?

Capt. IRWIN. Yes, sir; but the training expense is in that.

The CHAIRMAN. You said that they had \$400,000?

Capt. IRWIN. The expense that will come from training for which there would be no contract, because it is carried on at the naval station, therefore it could not be put down as obligations because there has been no contract and it will not show up before November 1, but it was estimated that when they came to audit out the whole thing that this amount would be required.

The CHAIRMAN. Do they not know how much they will need for training purposes? Navigation's statement that they can not segregate a thing is just another way of saying that they do not know anything about their total. A man who does not know what goes to make a total can not know anything about his total. Please put in the record some explanation of the \$3,400,000 that they expect to have to spend.

Cap. IRWIN. Yes, sir.

NOTE.—The above estimate of \$3,411,881.60, upon further investigation, has been reduced to a total of \$1,443,500, which is the amount now considered necessary by the Bureau of Navigation to cover the period November 1, 1918, to June 30, 1919. The original high figure of \$3,411,881.60 was estimated through a misunderstanding on the part of the bureau regarding expenditures abroad and expenditures for instruments, etc., which was originally listed \$1,125,000 for the remainder of the year. The Bureau of Navigation expenditures abroad were included in the \$3,411,881.60 when they should not have been, as this expenditure is included in the "Supplemental table" mentioned on the first page of this hearing under "Obligations abroad, \$34,292,480."

In submitting the estimate of \$1,125,000 above referred to, the bureau figured on the amount for the entire fiscal year instead of the amount required from November 1, 1918, to June 30, 1919, and therefore part of this amount has already been included in the "Unpaid obligations" of \$1,704,398.43.

The detailed statement as revised follows:

Obligations incurred by bureau but not included in statement of Bureau of Supplies and Accounts to Nov. 1, 1918:		
Naval Observatory material, including compasses, altimeters, etc.....	\$385,500	
Construction work at the naval training station, Great Lakes.....	546,000	
		\$931,500
Amount necessary to cover the remainder of the fiscal year:		
To cover training and development of training facilities..	275,000	
This item covers miscellaneous items of equipment and supplies for mechanics and other technical schools. These items can not be stated definitely, being for maintenance expenses only.		
Supplies for maintenance of air stations.....	225,000	
These supplies are all in the nature of maintenance supplies and can not be itemized.		

Amount necessary to cover the remainder of the fiscal year—Continued.

Development of instruments..... \$12,000

There are a number of instruments which are still in an experimental state and development of them to meet the Navy's needs should continue during the remainder of the fiscal year.

\$512,000

Total required to cover obligations and expenditures during the remainder of the fiscal year..... 1,443,500

The above revised estimate of \$1,443,500 required by the Bureau of Navigation to June 30, 1919, reduced the total estimated requirements to June 30, 1919, from \$21,353,130.74 to \$19,384,749.14, which in turn raises the amount available for return to Treasury from \$89,645,664.32 to \$91,614,045.92

BUREAU OF CONSTRUCTION AND REPAIR.

The CHAIRMAN. First, there seems to be an additional special obligation of \$2,100,000.

Lieut. LOHMANN. Under the obligations listed by Supplies and Accounts are only those which are properly contractual obligations. For the largest portion of the construction program, namely, the machines to be built at the naval aircraft factory, obligations for material only appear in this total. The labor to be performed in the factory is authorized by the department allotting a portion of the seaplane building program to naval aircraft factory, but the amount of money represented is not included in the contractual obligations as such. \$2,100,000 represents this amount, and should be added to make the obligations representative of the entire program.

The CHAIRMAN. If you make a contract for a boat, does not that include labor?

Lieut. LOHMANN. In a contract with a private concern, yes, but when the department authorizes construction by navy yard labor, that really is as much of an obligation as a contract, although it does not appear in this financial statement.

The CHAIRMAN. Are you going to carry out the contract?

Lieut. LOHMANN. No, sir; this amount is included to get the total.

The CHAIRMAN. In other words, your total outstanding obligations as of November 1, \$63,045,292.77, should be that sum plus \$2,100,000

Lieut. LOHMANN. Yes, sir.

The CHAIRMAN. And from that you will get the cancellations, that total \$29,042,000, and you have \$4,000,000 that you estimate for the balance of the fiscal year?

Lieut. LOHMANN. Yes, sir.

The CHAIRMAN. What is the explanation of that?

INSTRUMENTS AND ACCESSORIES AND WINCH DEVELOPMENT.

Lieut. LOHMANN. The explanation of that is first for instruments and accessories and winch development there is an item of \$250,000.

The CHAIRMAN. I thought most of the instruments Navigation provided?

Lieut. LOHMANN. Navigational instruments only. There are about 35 different kinds of instruments and equipment under the Bureau of Construction and Repair. A large item will be the development of a proper steam winch for handling kite balloons from destroyers or towing vessels.

The CHAIRMAN. Did you not have in your \$65,000,000 of contracts provision for these?

Lieut. LOHMANN. Many gasoline and electric kite-balloon winches have been made. The steam kite-balloon winch we have been using, an adaptation of the ordinary cargo winch, and the best we could get at the time, is not entirely satisfactory.

The CHAIRMAN. How much money are you proposing to spend on new types of winches?

Lieut. LOHMANN. About \$50,000 for the winch and its driving unit.

The CHAIRMAN. And the balance?

AUTOMATIC CONTROLLING MECHANISM—FIRE EXTINGUISHERS.

Lieut. LOHMANN. An automatic-controlling mechanism, which becomes more and more important as the size of seaplanes increase, and also further investigation of fire extinguishers, particularly pressure type, to develop some means, if possible, for extinguishing fires while the plane is in the air.

The CHAIRMAN. This \$4,000,000 is practically an experimental expenditure that was contemplated?

Lieut. LOHMANN. Yes, sir.

The CHAIRMAN. In the way of refinements?

Lieut. LOHMANN. With the exception of \$1,000,000 for station upkeep.

The CHAIRMAN. Do you think it is a very good time to undertake this sort of an expenditure now, without any congressional approval?

Capt. IRWIN. The very best time.

The CHAIRMAN. I want to again call your attention to the fact that the committee views this appropriation as having been made for war purposes.

Lieut. LOHMANN. Yes, sir.

The CHAIRMAN. And only to the extent that the department is necessarily committed should it go ahead with expenditures, and all such new matter in the further prosecution of the art and the development of the service ought to properly come by estimate to the Committee on Naval Affairs and receive their sanction for future expenditure.

Lieut. LOHMANN. We have now in the service a large number of high-grade engineers who have, during the war, and in connection with the confidential reports from abroad, undertaken a number of problems for development, and while these men are still in the service—we can not hold them indefinitely—for the next six months it is of great importance that we continue to completion the problems undertaken. In here are no entirely new projects. They are projects which engineering data have been carefully worked out and in some cases the actual work has been started.

The CHAIRMAN. While it may be one thing to go ahead and create some one unit in order to develop the type, it might be quite another thing to go on with the manufacture of a greater number of those things. I am wondering how far the \$4,000,000 is being used simply to clean up necessary development work and how far it is simply because the money is there, to supply the Navy with material that it thinks it is desirable to get.

Lieut. LOHMANN. It depends on what one considers necessary development. When we experiment with an instrument we do not believe it sufficient to make one instrument. It really is necessary to make several and put them on planes and try them on different stations. Instruments may function differently in Montauk and in Key West. It is necessary in making an experimental plane to make several, say six of them, one for a breakdown test under sand load, etc.

INSTRUMENTS, WINCHES, ETC.—EXPERIMENTAL SHIP AIRPLANES.

The CHAIRMAN. Suppose you give me some of the details of this \$4,000,000.

Lieut. LOHMANN. For instruments, etc., and winches, \$250,000; for experimental ship airplanes for use with the fleet, \$1,000,000. These have been developed quite far by the British and we have just started.

The CHAIRMAN. Carried on the guns?

Lieut. LOHMANN. Yes, sir.

Capt. IRWIN. That is to be worked out. We have not decided whether it is to be carried on the guns or not.

Lieut. LOHMANN. If that project is continued to its conclusion, approximately 20 planes will be needed, because the wastage will be very great.

The CHAIRMAN. You have not those planes now?

Lieut. LOHMANN. No, sir.

The CHAIRMAN. You propose building those?

Lieut. LOHMANN. Yes, sir.

The CHAIRMAN. That is a special type of plane?

Lieut. LOHMANN. Yes. The commander in chief of the Atlantic Fleet has outlined a policy for equipping a large number of capital ships with airplanes and the department has recommended the development of a suitable type of airplane for this use. From development during the war, the type largely used for this purpose is a small single seater, high speed, scout land plane, which is an entirely new development for this country, as it requires a machine of very low landing speed and exceedingly rapid climb with maximum radius of action. At least 20 such machines will have to be manufactured (including machines for sand load test) in order to determine the successful type or types.

Capt. IRWIN. In connection with that, Mr. Chairman, during the war I took up several times with the Chief of Operations the development of ship airplanes and he said that he thought it was more important to go ahead with developing the production of planes to be used against submarines and that especially he did not want during the shortage of shipping to divert any ships to this sort of work. The experimental work required ships to be diverted to this work. We put it off until the demand for shipping was not so great. The original estimate for this appropriation included items for this experimental work.

The CHAIRMAN. Your shipping situation is not relieved very much now?

Capt. IRWIN. Not in the merchant ships, but the demand for our own ships on patrol duty has been relieved.

DIRIGIBLES.

Lieut. LOHMANN. The third item of importance is for dirigibles, \$250,000. The development of the "D" class 200,000 cubic feet and preliminary work on a larger dirigible of the North Sea or Perceval type 350,000 cubic feet will be required in order that the department may be in a position to carry on the construction of progressive units of lighter-than-air craft.

The CHAIRMAN. That is just a new project, so to speak?

Lieut. LOHMANN. No, sir; we have been working on that for some three months.

The CHAIRMAN. But it bears no relationship to any present obligation of the Government as a result of the war?

Lieut. LOHMANN. Only as the department has an obligation to carry out the development of the art. The HS-3 type, a development of the single Liberty engine flying boat has just begun. F-6, a development of the twin Liberty engine flying boat, and the N-2, the development of the Davis gun-carrying seaplane, should be followed up to their conclusion, while the lessons of the war are still in mind.

STATION UPKEEP.

Another item will be station upkeep, about \$1,000,000.

Owing to the fact that seaplanes in active service deteriorate at a rapid rate and thus require resurfacing with fabric, repainting, redoping and occasionally replanking the hulls in order that the lives of pilots may be safeguarded to the maximum extent, it is necessary to maintain at the various air stations a large quantity of fabric, dope, paints, enamels, wood and veneer for replanking, and various fittings. These planes returned from abroad exposed to corrosion and deterioration due to two passages across the Atlantic (this occurs even in packing cases exposed as they have been in a number of cases as deck load owing to their large and unwieldy bulk) will require labor and material for repairs incidental to their recommissioning and their being put in service. And finally, to make up the \$4,000,000 under discussion, is \$1,000,000.

This figure is necessarily a blanket one and will include unforeseen contingencies in adjusting contracts and countless items, the nature of which and the amount for which can not be foreseen at this time, and also includes materials research, and development and building of about six twin engine fighting seaplanes and the possible building of a few large multi-engine flying boats as a natural outgrowth of the very successful work of the 1,000 H. P. NC-1.

May I add that the department has to-day authorized the construction of the twin-engine fighters which are included in this figure.

ESTIMATES FOR 1920.

The CHAIRMAN. What are you asking from the Committee on Naval Affairs for aviation?

Capt. IRWIN. I made an estimate of \$46,000,000 and the Secretary in his hearings reduced it to \$36,000,000.

The CHAIRMAN. You are only asking for the entire next year \$36,000,000?

Capt. IRWIN. Yes, sir.

The CHAIRMAN. And you are figuring in seven months to spend \$21,000,000 this year?

Capt. IRWIN. Yes, sir; for eight months because a great portion of that is for material that was more or less underway after the obligations up to November 1.

The CHAIRMAN. I would not say a great portion, I would say a small proportion, as it develops so far. How much of next year's \$36,000,000 is for construction?

Capt. IRWIN. I can fill that in the record, but I have not got it with me. It is for construction of aircraft engines and accessories, \$19,000,000, nearly all development work, because we will have machines left over from this year for patrol work.

The CHAIRMAN. I wish you would. The reason for my inquiry is this: It would seem that you are expecting to continue during the balance of this year on a more ambitious scale than next year.

Capt. IRWIN. We only want to continue, in our experimental work, the production of material that we think ought to go on, without making a hiatus in the rest of this year, before taking up next year, and in continuing anything on the ground it is only the completion of such as is considered necessary to make the stations complete as a whole; I do not mean complete as originally designed, but I mean to make them workable propositions instead of leaving them, like a house, half completed.

STEAM ENGINEERING.

The CHAIRMAN. Under steam engineering you are expecting an expenditure of \$5,450,000 for the balance of the year.

ENGINES AND SPARE ENGINE MATERIAL.

Capt. IRWIN. Yes, sir. Of that the estimated requirements are \$1,200,000 for parts of engines. The item under "Estimated requirements" of \$1,200,000 is for spare engine material and new engines that may be purchased up to June 30, 1919, and for the conversion of approximately 200 straight-drive Liberty engines into geared engines.

Approximately \$500,000 of this amount will be necessary for the purchase of supplementary spare parts for the operation of Liberty engines in order to round out the present parts lists. The parts lists as supplied with the engines are not complete enough to properly maintain the engines. The expenditure of \$500,000 is not sufficient to maintain all the Liberty engines that the Navy now has, but it is expected to utilize excess engines as spare parts for maintenance. The remainder of this item will be utilized in maintaining stocks of school spares and such additional engines as it may be necessary to purchase. As to the conversion of those Liberty engines into geared engines, experiments seem to have proven that the geared engines will be more efficient for the large boats that we have developed than any straight-drive engines, and we have been attempting to get a geared Liberty engine ever since the Liberty was put into production but we have not produced anything entirely satisfactory up to date.

BALLOON GAS.

The second item, \$100,000, for balloon gas is to maintain the present stock of spares in the storehouses and for such experimental work as may be necessary, and new equipment that may be required for additional stations. On account of the material that is expected to be returned from abroad and present complete stores, it is not expected that expenditures under this item will be extensive.

MAINTENANCE AND OPERATION OF POWER PLANTS—NEW CONSTRUCTION.

The third item of \$450,000 is for maintenance and operation of power plants of aircraft which approximates about 50 per cent. of the engine cost and maintenance. This item will also cover any new construction that may be necessary during the period up to June 30, 1919.

STATION EQUIPMENT.

The fourth item of \$200,000, for station equipment, is to complete the tools and stocks necessary for the proper maintenance of aircraft material at the stations. Some of the stations are not adequately equipped with machine and other tools, and for the sake of economy in upkeep of engines the proper tool installations should be completed at the earliest date possible. If sufficient material is returned from abroad the expense of this item may be decreased. It is anticipated, however, that if new stations are needed approximately \$20,000 will be needed to complete the new stations. Of course, there will not be any new stations, but there will only be the completion of the present stations.

DEVELOPMENT OF NEW ENGINES, PROPELLERS, ETC.

The fifth item under these requirements is \$500,000. The expenditures under this item can not be shown in detail at this time, but continuous development is being carried on with new engines, propellers, tanks, and other power-plant equipment. This development work is very costly, and it is believed that \$500,000 is a conservative figure.

MAINTENANCE OF NAVAL AIR STATIONS.

The balance of the total of \$5,450,000 is \$3,000,000. It is for the steam engineering maintenance of naval air stations, and it is made up on the estimated number of squadrons of heavier-than-air craft and lighter-than-air craft stations that are to be maintained. The expense of this service for the entire year would be \$5,432,200, and from November 1 to June 30 the expense would be two-thirds of that, or \$3,156,133. Roughly estimated, there is \$3,000,000.

SUPPLIES AND ACCOUNTS.

The CHAIRMAN. Under "Supplies and Accounts" there is an estimate of \$321,313.14.

PAY OF CLASSIFIED EMPLOYEES—CLOTHING, ETC.

Capt. IRWIN. That is made up of the following items: Payment of classified employees to continue rest of the year, \$36,800; issues of aviation clothing, including issues already made and not yet reported to Supplies and Accounts, \$177,000; miscellaneous supplies issued to air stations at home and abroad, \$52,513; labor expenditures in connection with activities of aircraft factory, \$55,000, making a total of \$321,313.14.

MATERIAL ON HAND—PROGRAM.

The CHAIRMAN. Suppose you tell us briefly what you have procured out of the sums that have been expended, and, in a broad way, what your program touching aviation is?

Capt. IRWIN. In answer to your question, I submit the following statement:

Subject: Statement of money authorized for aviation; its proposed use and statement of projects for which money has been spent; general statement of policy adopted upon declaration of armistice; and general statement of projects proposed to continue.

Total amount authorized, \$281,516,119, appropriated as follows:

Aviation, Navy, 1918.....	\$5, 133, 000
Urgent deficiency, 1917-18.....	11, 000, 000
Aviation, Navy, 1917-18.....	45, 000, 000
Aviation, Navy, 1919.....	220, 383, 119
Total.....	281, 516, 119

The above does not include \$1,000,000 appropriated for obtaining patents necessary for manufacture and development of aircraft, which amount has not reverted to the Treasury and is still carried as available.

PROPOSED USE OF MONEY AUTHORIZED.

(a) Establishment and operation of the following:

On the east coast and Caribbean Sea:

Main, patrol, and training stations.....	20
Rest stations.....	34
Substations (kite balloon).....	1
Auxiliary station at Anacostia.....	1

Pacific coast, Alaska, Hawaiian Islands, Guam, Philippine Islands:

Main, patrol, and training stations.....	9
Rest stations.....	25

(b) Establishment and operation of lighter-than-air, training, and experimental station.

(c) Operation, maintenance, etc., of training schools.

(d) Establishment and operation of coastal stations and supply bases abroad and the north bombing group abroad.

(e) Supplying necessary airplanes, equipment, etc., for foregoing, plus a reserve to meet all possible requirements.

(f) Experimental work.

GENERAL STATEMENT OF PROJECTS FOR WHICH MONEY HAS BEEN EXPENDED.

(a) The following, out of the 20 main stations, have been established, or partially established, and are in operation:

Patrol stations: Chatham, Mass.; Montauk, Long Island, N. Y.; Rockaway, Long Island, N. Y.; Cape May, N. J.; Hampton Roads, Va.; Morehead City, N. C.; Key West, Fla. (also training); Canal Zone; Brunswick, Ga.	9
The following patrol station is partially established but operation has not commenced: Galveston, Tex.....	1

Training stations: Bay Shore, Long Island, N. Y.; Pensacola, Fla.; Miami, Fla.; (also patrol).....	3
Total of main stations.....	13
Main stations, not established: Maine, between Rockland and Portland; Port Arthur, Tex.; Samana Bay; Newport, R. I.; Charleston, S. C.; Guantanamo Bay; Culebra.....	7
Rest stations, out of the 34 contemplated, established, or partially established...	12
Remaining, no work started.....	22

The experimental station at Anacostia has been established.

The substation (kite balloon) has not been established.

The only station established on the Pacific coast or the islands has been the main station at San Diego, Cal., used for both patrol and training purposes.

(b) Lighter-than-air training and experimental station has been partially established.

(c) Schools for student officers were established at Massachusetts Institute of Technology, Boston, Mass.; Dunwoody Institute, Minneapolis, Minn.; University of Washington, Seattle, Wash.; Naval Training Station, Great Lakes, Ill. Two thousand six hundred and two officers were trained up to November 1.

Schools for enlisted men were established at Naval Training Station, Great Lakes, Ill.; Keyport, N. J.; Detroit, Mich.; Hampton Roads, Va.; Columbia University, N. Y.; San Diego, Cal.; Pensacola, Fla.; Buffalo, N. Y.; Rochester, N. Y.; Pelham Bay, N. Y.; aircraft factory, Philadelphia, Pa. Thirteen thousand one hundred and twenty-seven enlisted men were trained up to November 1.

(d) There were established abroad the following:

Patrol seaplane stations.....	16
Training seaplane stations.....	1
Dirigible stations.....	3
Kite-balloon stations.....	4
Repair and assembly bases.....	3

For the stations which have been established abroad, the material which was supplied from this country is included either in the obligations that have been paid or incurred, and are yet to be paid, but for the purchase of sites for the stations and material that was obtained abroad, the payment is included in the amount that is here required to meet obligations abroad.

The North Bombing Group was a special project for the purpose of bombing submarines in their bases, and consisted of six squadrons of day bombers and six squadrons of night bombers.

(e) The following aircraft were delivered prior to about November 1, 1918 (part of the expenditure for the payment of these is included in "Unpaid obligations"):

Single-engine service seaplanes.....	874
Twin-engine seaplanes.....	270
Land airplanes:	
Service.....	155
Training.....	144
	299
Miscellaneous training seaplanes.....	1,084
Airships.....	17
Kite balloons and free balloons.....	347

In addition, stations have been equipped with the necessary spare parts, instruments, hydrogen apparatus, and all the miscellaneous equipment necessary to operate.

(f) The following experimental aircraft have been delivered: 36 seaplanes, 3 airships.

In addition, considerable experimental work has been done under the cognizance of the different bureaus in developing aircraft, equipment, accessories, etc.

GENERAL STATEMENT OF POLICY ADOPTED UPON DECLARATION OF ARMISTICE.

Upon the signing of the armistice, the following policy was adopted and at once put into effect:

- (a) Sending additional aviation personnel abroad stopped, except the few that might be needed for demobilization purposes.
- (b) Enrollment of all aviation personnel stopped.
- (c) No additional personnel placed under instruction, but those undergoing instruction allowed to finish their course if so desired.
- (d) All shipment of aviation material abroad stopped, except that needed for demobilization purposes.
- (e) Contracts for all aviation material abroad stopped as far as practicable.
- (f) Production of aviation material at home stopped as far as practicable.
- (g) All aviation construction abroad stopped, except that necessary for demobilization purposes.
- (h) All expansion of aviation stations at home stopped as far as practicable.

GENERAL STATEMENT OF PROJECTS PROPOSED TO CONTINUE.

(a) Stations to be maintained and operated, but on a reduced scale, that is, the same number of aircraft will constitute the complements, but flying will be reduced and personnel will be reduced.

(b) No more main or rest stations to be started on Atlantic coast. Those building to be continued. There are three of these, two of which have already started operations, Morehead City, N. C., and Brunswick, Ga., and the third is well under way, Galveston, Tex.

(c) Training (flying) stations to continue operating at full capacity until all students electing to do so, have finished their courses. It is estimated that this will be accomplished at all stations, except Pensacola, in March, and at Pensacola, which is the "advanced flying" training station, in May. Bay Shore, which was one of these stations, has already ceased operating and is to be used temporarily for purposes of demobilization of aviation personnel and to store material, but eventually to be abandoned. Brunswick, Miami, Key West, San Diego will cease to operate as training stations when their work is finished, and personnel and material greatly reduced. They will then operate as patrol stations according to the plan of the General Board. All flying training for peace requirements, it is thought, can be carried on at Pensacola with present facilities.

(d) The lighter-than-air training at Akron to be abandoned as soon as possible. A certain amount of experimental and testing work will be continued at Akron. Training schools have continued in order to finish instruction of students and enlisted men who were enrolled before the armistice was declared. These are gradually reducing in capacity (some having already been abandoned), and it is expected will finish their work in February. For peace requirements, it is proposed to train enlisted men at Great Lakes with a short advanced course at Pensacola, and to train student officers entirely at Pensacola.

(e) The demobilization of all foreign projects and return of such material as it is considered worth while to return.

(f) Such minor work done at established stations as may be necessary for operations to be carried on after the war.

(g) Continue manufacture of only such seaplanes, accessories, and miscellaneous equipment, as it would be more expensive to discontinue.

~~(h) Continue development of aircraft.~~

DISPOSITION OF EQUIPMENT.

The CHAIRMAN. Captain, presumably some of the equipment which you have abroad will be taken over by some of our allies and paid for, and the money that will come from such transactions will be covered into the Treasury as miscellaneous receipts?

Capt. IRWIN. Yes, sir.

The CHAIRMAN. Have you any idea as to what it might amount to?

Capt. IRWIN. Not at this time. The matter is under consideration, and in addition to turning over the stations, as far as practicable, to the governments where they are now located, the question is under consideration of also turning over the miscellaneous equipment to Mr. Hoover's Food Commission, so far as they can make use of it. In any case the money received, or whatever is obtained from it, will revert to the Treasury.

The CHAIRMAN. Will you place in the record a statement showing the expenditures that have been made at the various stations in America and the amounts contemplated to be further expended, giving the totals?

Capt. IRWIN. Yes, sir.

The CHAIRMAN. The statement should include the expenditures of all kinds that have been made at these stations in the way of improvements or construction. In other words, we would like to know to what extent we have invested in plant account over America out of this fund.

Capt. IRWIN. That will be supplied.

Expenditures, naval air stations.

	Total expenditures and obligations.	Required to complete.
Aircraft factory, navy yard, Philadelphia, Pa.....	\$3,343,686.16	.....
Naval dirigible field, Akron, Ohio.....	1,000.00	.....
Anacostia, D. C.....	332,603.63	324,000.00
Assateague, Va.....	5,000.00	.....
Bay Ridge, N. Y.....	94,000.00	74,000.00
Bay Shore, Long Island, N. Y.....	171,797.00	.....
Boston (for Chatham), Mass.....	650.00	.....
Brunswick, Ga.....	220,291.00	120,000.00
Cape May, N. J.....	1,023,131.88	85,000.00
Charleston, S. C.....	72,179.79	75,000.00
Chatham, Mass.....	1,214,595.08	95,000.00
Coco Solo, Canal Zone.....	200,900.00	162,000.00
Galveston, Tex.....	1,090,500.00	.....
Gloucester, N. J.....	96,280.00	.....
Great Lakes, Ill.....	1,204,500.00	.....
Hampton Roads, Va.....	3,112,292.02	807,000.00
Indian Pass, Fla.....	2,000.00	.....
Islamorada, Fla.....	8,000.00	.....
Key West, Fla.....	894,063.65	256,000.00
Manteo, Fla.....	5,000.00	.....
Miami, Fla.....	1,567,295.22	103,000.00
Montauk, Long Island, N. Y.....	233,553.89	49,000.00
Morehead City, N. C.....	390,000.00	95,000.00
New Orleans, La.....	1,890.04	.....
New York district.....	467,090.55	.....
Pensacola, Fla.....	2,166,155.44	87,000.00
Philadelphia district.....	1,666,214.84	.....
Rockaway, N. Y.....	673,395.52	130,000.00
San Diego, Cal.....	1,799,057.96	216,000.00
Seattle, Wash.....	6,000.00	.....
St. Augustine, Fla.....	2,620.00	.....
Tampa, Fla.....	6,524.80	.....
Yorktown, Va.....	57,000.00	170,000.00

FRIDAY, DECEMBER 20, 1918.

BUREAU OF NAVIGATION.

STATEMENTS OF CAPT. HARRIS LANING, ACTING CHIEF BUREAU OF NAVIGATION; CAPT. A. H. SCALES, COMMANDANT TRAINING STATION, GREAT LAKES; COMMANDER W. H. ALLEN; LIEUT. COMMANDER C. S. ROBERTS; CAPT. E. L. BENNETT, TRAINING DIVISION, BUREAU OF NAVIGATION; CAPT. J. K. TAUSSIG, ENLISTED PERSONNEL DIVISION; CAPT. E. H. CAMPBELL, TRAINING STATION, NEWPORT, R. I.; CAPT. WILLIAM M. CROSE, TRAINING STATIONS, ST. HELENA AND NAVAL OPERATING BASE; LIEUT. COMMANDER EMORY WINSHIP, RECRUITING DIVISION; CAPT. W. D. LEAHY, DIRECTOR OF GUNNERY EXERCISES; CAPT. H. P. PERBILL, NAVAL RESERVE DIVISION; COMMANDER C. B. MAYO, MR. J. J. EAGAN, AND MR. M. M. JACKSON, RECREATION FOR ENLISTED MEN; AND MR. E. HENKEL, CHIEF CLERK.

GREAT LAKES TRAINING STATION.

The CHAIRMAN. Captain, I believe you are desirous, as a matter of convenience to some officers who are away from their stations, of taking up some items of appropriations that have been made for naval training stations, and we might start with the largest, which seems to be the Great Lakes Training Station. According to the table which has been submitted, there has been a total appropriation of \$921,400 made since the 2d of March, 1917; there has been expended as of November 1 \$502,402.30, leaving an unexpended balance on the 1st of November of \$418,947.70, with unpaid obligations as of November 1 of \$85,462.77. Then there comes a figure under the head of unobligated balance or estimated overobligations of \$333,484.93. Just what is that amount?

Capt. LANING. Actually unobligated to this time; it is the remainder that he has to work on at the Great Lakes Training Station for the rest of the fiscal year.

The CHAIRMAN. Then it is an unobligated balance?

Capt. LANING. Yes, sir.

The CHAIRMAN. Then there is an estimated deficiency of \$1,650,000 for the balance of the year?

Capt. LANING. Yes, sir.

REPAIR AND MAINTENANCE.

The CHAIRMAN. Just what character of activities are paid for out of this appropriation?

Capt. LANING. Capt. Scales, of the Great Lakes Training Station, can answer that question.

Capt. SCALES. The items under that are the care of the grounds, the care of the buildings, repairs to furniture, the water front—keeping it in shape—and water, which includes a basin; the power plant, the floating equipment, station equipment, machines and tools, classified employees, leave and holiday pay.

The CHAIRMAN. In other words, it is a repair and maintenance item, practically speaking.

Capt. SCALES. Generally speaking, yes.

The CHAIRMAN. Do you do any construction out of it at all, except what is incident to repairs?

Capt. SCALES. New construction is done from the appropriations made for Yards and Docks.

The CHAIRMAN. What is the explanation for the very large deficiency which is indicated for the balance of the fiscal year.

Capt. SCALES. The figures you have were made for the 1st of November; the later figures for the 1st of December show an unobligated balance of \$100,000. I imagine the figures you have there are Supplies and Accounts' figures, while these are the station figures as of the 1st of December. The estimate of a deficiency is made to include not only such deficiency as would come under that appropriation—maintenance navigation—but includes the total amount necessary from all sources to carry on the station during the remaining seven months of the year.

The CHAIRMAN. Why do you call it a maintenance item if it relates to matters other than maintenance?

Capt. SCALES. For the reason that it was intended by the bureaus concerned, when this estimate was made, to lump the whole thing, or to try to get it lumped, and to have one appropriation for Great Lakes, and only one. That is a matter that I am informed unofficially does not meet with the approval of the department, but that was the idea under which this appropriation was made.

The CHAIRMAN. Is this deficiency separable according to the items that it would, in the regular course, fall under.

Capt. SCALES. It would be if we had time to consult our books at the station and make them up but it is not separable with the data we have at present.

EXPANSION OF GREAT LAKES TRAINING STATION.

DEMobilIZATION.

The CHAIRMAN. You have gone through a very large expansion at the Great Lakes as a result of the war?

Capt. SCALES. Tremendous.

The CHAIRMAN. What has been the greatest attendance at any one time that you have had there of men and officers?

Commander ROBERTS. Forty-seven thousand eight hundred.

The CHAIRMAN. What was the capacity of the Great Lakes Station during peace times?

Commander ROBERTS. It was rated at 1,400.

The CHAIRMAN. It has now gone to forty-odd thousand?

Commander ROBERTS. Yes, sir.

Capt. SCALES. Between 40,000 and 50,000.

The CHAIRMAN. How rapidly are you proposing to demobilize and reduce the number of men there?

Capt. SCALES. The demobilization depends on the policy of the department, and an order has been received to discharge 20 per cent of certain classes of men. So far the result has been not to decrease the number of men at the station, but to increase the number for the

reason that we get so many from outlying stations, some of the men awaiting discharge.

The CHAIRMAN. Apparently, then, for some months you are going to continue to have a very large number of men stationed at the Great Lakes.

Capt. SCALES. We had on the 14th of December actually at the station some 33,000 enlisted men. I do not see that there is any immediate prospect of that number being decreased, in fact, I expect it to keep at about that average for some time to come.

CONSTRUCTION WORK.

(See p. 453.)

The CHAIRMAN. Have you stopped all construction at the station that was of a temporary character incident to the war?

Commander ALLEN. Practically all construction work was from 50 to 75 per cent completed and much of it 90 per cent, and that work is going on. There were a few constructions which had not been started, or about 10 or 15 per cent completed, and those constructions have been suspended.

The CHAIRMAN. A great deal of this construction was in the way of barracks and quarters.

Commander ALLEN. No, sir; the barracks and quarters were practically complete when the armistice was signed.

The CHAIRMAN. What was the character of most of this construction, of which you say some 50 or 75 per cent was completed?

Commander ALLEN. The largest item was the extension of the aviation school; that included barracks and quarters, as well as mess halls, which had not been started; there were four swimming pools which had been held up, a storage building for vegetables, and an oil storehouse. I think that comprises the whole list.

The CHAIRMAN. You say you have been completing work where it had been 50 per cent completed. Are you doing that because you expect to have a peace time need for such buildings?

Commander ALLEN. Yes, sir; there were some drill halls in connection with regiments already constructed.

The CHAIRMAN. But do you ever expect to maintain the Great Lakes Station, in the course of a few months, at anything like the magnitude it had reached some time ago?

Capt. LANING. The Navy, the day the armistice was signed, had approximately 500,000 men in it. Of course, we can not hold all of those men together. However, the Navy has to go on, and we expect to utilize, provided we man the merchant ships, some 350,000 men for the next several years. Unfortunately we can not retain in the service all of those 350,000 men. A great many of them are in the reserve force and by law must go out when the national emergency ceases to exist; others were enlisted for the duration of the war. There were 290,000 of the reserve force and 47,000 who enlisted for the duration of the war. So that we have, all told, only about 170,000 who have enlisted for four years, and of those over 100,000 enlisted after the war started and really did not want to enlist except for the war, but at that time the only law under which they could enlist in the Navy provided for an enlistment of four years. The result of all this is that we expect to have to reduce our force as it

now stands about 75 per cent simply because they have to go out, which will leave us about 25 per cent of what we have now, that is, 125,000, so that we will have to get in 225,000 to replace the 225,000 who are to go out when the war is over. So that the Great Lakes Station, and all of the big stations like the Great Lakes Station will have to work to their maximum capacity not only this year but probably for the next several years.

CAPACITY OF VARIOUS TRAINING STATIONS.

The CHAIRMAN. What capacity have you at your various training stations over the country?

Capt. LANING. I will have to get Capt. Bennett to answer that.

Capt. BENNETT. I will have to give you that from recollection but I think I can give you the approximate figures. The Great Lakes Station has a maximum capacity of 50,000; at Newport the present capacity is 8,000 with 15,000 additional authorized, but its construction is doubtful; the naval training station at the naval operating base has a present capacity of 13,500, with an additional capacity authorized of 14,000, and that additional construction is also doubtful. The other regular naval training station is at Goat Island and its maximum capacity is 1,900; that includes people living in tents the year round. We have in addition to these four regular naval training stations a number of training camps. Do you wish the capacity of those camps?

The CHAIRMAN. Yes; I want to know in a general way what number of men you can take care of now, as preliminary to seeing how far you are warranted in going on with construction.

Capt. BENNETT. I have not got that summed up, but I can give that to you in a minute.

The CHAIRMAN. You now have about 73,000 men capacity at the four stations, exclusive of prospective construction. You have now existing capacity for 73,000 men. Roughly, how much more have you at these camps?

Capt. BENNETT. We have in the training camps capacity for 37,100 men additional.

The CHAIRMAN. That would make, if my mental calculation is right, something close to 104,000 men, or a capacity for that number of men. Now, how fast do you expect to need to train those men?

Capt. BENNETT. The trouble is that we have got to carry the peak load right at the start.

The CHAIRMAN. Why?

Capt. BENNETT. Because we must replace all those people who are going out at one time.

The CHAIRMAN. Well, the need for this number of men is dependent upon the manning of the merchant marine, is it not?

Capt. BENNETT. Partially.

The CHAIRMAN. Is it not very largely dependent upon it?

Capt. LANING. No, sir; about one-third. To man with full complement the regular ships of the Navy there will be needed 217,000 men, and it will take about 132,000 or 133,000 men to man the ships that the Shipping Board have asked us to man by July 1, 1920, making a total of about 350,000 men that will be needed by July 1, 1920.

The CHAIRMAN. You are figuring on having all of your ships in commission?

Capt. LANING. No, sir; for those out of commission we figure no men at all. We figure on partial crews for some ships in reserve, and we figure on full crews for those that we want to keep ready for war.

The CHAIRMAN. Let me put the matter another way: How many men do you expect to train at any one time?

Capt. LANING. We expect to train all that we can get in the near future, even if they be up to 200,000 men. We will train them if we can get them, because we will have to let 225,000 men go that we need to man the ships. We would take them all at once if we could get them and let those 225,000 men go. Of course, we can not get them all at once, because we have to recruit them and we will have to train them, and it will take some time to do it. It will take six months. We ought to have six months for the training and instruction of those men before letting them go to sea.

Capt. BENNETT. That is six months for the average sailor. Some of them require 18 months' training.

The CHAIRMAN. Do you expect to lose 100 per cent of those men who have not four years' enlistment?

Capt. LANING. Nearly so; yes, sir. The glamor of coming home will make a good many of them want to go out, but afterwards many of them will regret having done so. The Government has to live up to its contract and let them go out after the war, but they may come back later on. I hope they will.

ENLARGEMENT OF TRAINING STATIONS.

The CHAIRMAN. To what extent are you planning an enlargement of your stations?

Capt. LANING. We are only planning the enlargement of what are known as the three big training stations. Those plants are pretty well completed already. Those three are at Newport, Great Lakes, and the one at the naval operating base. There is no contemplated expansion of the fourth permanent training station at San Francisco. Those other stations that Capt. Bennett told you about were formed for war work and just as fast as we do not need them we will close them up. At present we have to use them in connection with demobilization as well as in connection with certain training activities that we started there and that we can not stop.

The CHAIRMAN. If your needs are as great as you picture, how do you hope to meet them by closing up any of these other stations?

Capt. LANING. We can not close up any of them if all of the men should come in at once, but they will not come in at once. We will have to go out and recruit them, and it will take some time to do that. Therefore, we will have to hold a lot of men that want to go out for a long time until we can get other men and train them to take their places. It may cause a good deal of dissatisfaction, but the Navy must still run. We have some pretty big takss before us even now. We have the troops to get back home. So far as we are concerned the war is not over, and our work is now almost as great as at any time during the war. Certainly in the transportation of troops it is just as great, and in the transportation of supplies abroad it is just as great, and it will continue to be so.

The CHAIRMAN. Is it proposed that the Navy shall man and operate all of the troop ships that bring the soldiers from France?

Capt. LANING. We have already manned all of the troop ships under the United States flag that carry soldiers.

The CHAIRMAN. I am asking whether it is proposed to continue that?

Capt. LANING. Yes, sir; there is no one else to man them.

The CHAIRMAN. How much of the construction at the Great Lakes is construction looking to the enlargement of the capacity, and how much of it is in the way of refinements and bringing up the odds and ends that may or may not be desirable, according to the point of view?

Capt. SCALES. As to the construction at Great Lakes, our plant is practically complete. I say it is practically complete, and it is nearly completed. I do not know that there is anything that there is any chance of completing that is not very well advanced. You could not very well leave it, or, at least, it would be a great loss to the Government to leave any part of the plant as it is now and not complete it.

The CHAIRMAN. That is true, if you are going to use it.

Capt. SCALES. Yes, sir; and we are going to use it. Now, there is a capacity of between forty and fifty thousand men, or forty-five thousand, depending on how you figure it. It is necessary to have everything that is now building there in order to have that capacity. The whole project is very far advanced. What remains to be completed?

CONSTRUCTION TO BE COMPLETED.

Commander ALLEN. Three drill halls, which are about 30 per cent completed; there is a group of two buildings in the hospital, isolation wards, which are approximately 50 per cent completed, and there is a subway connecting the two parts of the station under the tracks of the Northwestern Railroad and the North Shore Electric Railroad, which is about 25 per cent completed.

The CHAIRMAN. Is this permanent or temporary construction?

Commander ALLEN. Except for the subway, the construction is semipermanent; that is, it is wooden construction, and it has weather-roofing paper. The walls of the buildings are as permanent as wooden or frame walls can be, and the buildings will last 20 and possibly 30 years.

SWIMMING POOLS.

The CHAIRMAN. What are your swimming pools costing?

Commander ALLEN. About \$25,000 each.

The CHAIRMAN. What was the need for them?

Capt. SCALES. The matter of swimming is an important one, when you consider the life-saving proposition. In addition, it is excellent gymnastic exercise. We have made it a rule in the past not to allow men to go to sea until they could swim. They had to qualify in certain tank tests. During the war we violated that rule to some extent, but it is a general rule and it is desirable to observe it in peace times.

The CHAIRMAN. This is for winter training, is it not? In summer they make use of the lake, do they not?

Capt. SCALES. The lake is pretty cold at all times, and the facilities are not great. I imagine it would cost as much to prepare to use the lake as it would to use tanks.

The CHAIRMAN. Have you used the lake at all?

Capt. SCALES. Not to my knowledge.

Commander ROBERTS. The doctor objected to their going into the lake on account of the sewage.

Capt. SCALES. I do not believe people use the lakes for swimming much, because it is too cold.

CONSTRUCTION WORK AT GREAT LAKES.

(See p. 449.)

The CHAIRMAN. Do you recall what is involved in money expenditure in the way of improvements that are still to go on at the Great Lakes? In other words, how much have you got allotted for the Great Lakes that is unexpended but that you expect to expend? I do not mean for maintenance, but in the way of construction.

Commander ALLEN. I can not give that offhand. I have never figured it up that way. As I understand it, you mean the unexpended balance under each allotment or contract?

The CHAIRMAN. I suppose that is the way you would have to get at it; but what I had in mind was this, that in round figures there had been a certain amount of money allotted out of the appropriations for construction work at the Great Lakes station, and of that a certain amount had been expended; and, assuming that you are carrying out all of the project, the balance is what you would still expend on it.

Commander ALLEN. The obligations or contracts cover all of the money that was authorized for the Great Lakes, or practically all, because I do not know whether it is a little bit over or a little bit under. Admiral Parks told me to get those figures together.

The CHAIRMAN. I would like to have put in the record the amount of the unexpended balances that may exist for construction and a statement showing to what extent they will be freed by virtue of the abandonment of any work.

Commander ALLEN. When the armistice was signed we had an authorization for \$300,000 additional for aviation work which was being started, and we received orders to stop that, and that will be canceled with an expenditure of about \$60,000 on account of work the contractor had already done. Then Admiral Parks directed me to report to Washington with the different contractors, and we took up all of those contracts which were only partially completed, and on several of them he ordered suspension of the work and on others that were absolutely necessary, such as the water intake subway, he directed that the work proceed.

The CHAIRMAN. You submit the following memorandum, totaling \$1,750,000:

Supply system.....	\$25, 000
Land transportation.....	40, 000
Power plants (40), including distributing systems.....	200, 000
Fuel plant (coal).....	800, 000
Grounds (maintenance).....	75, 000
Offices.....	50, 000
Quarters (barracks).....	200, 000
Shops.....	100, 000
Floating property.....	5, 000
Hospitals and dispensaries.....	20, 000
Schools.....	75, 000
Receiving-ship offices.....	5, 000

Commissary stores.....	\$5,000
Water front.....	10,000
Fire protection.....	25,000
Miscellaneous.....	100,000
Wages of foremen, quartermen, and leadingmen.....	6,000
Leave pay.....	5,000
Holiday pay.....	4,000
Total.....	1,750,000

That is your estimate of needs for the balance of the year?

Capt. SCALES. Yes, sir; for the succeeding seven months.

The CHAIRMAN. For which you have now available \$100,000?

Capt. SCALES. Yes, sir.

The CHAIRMAN. Does this represent all maintenance and repairs?

Commander ALLEN. It does not include the completion of buildings, but it is for maintenance and repairs to June 30.

The CHAIRMAN. How did you determine the amount necessary?

Commander ALLEN. By the amounts that we have used in the last five or six months. The maintenance and repairs at the station are not affected much by the question of whether we are at war or at peace, but by the amount of station that we are taking care of. The heating of the barracks, for instance, is the same thing in either case, and most of the other items are exactly the same, whether we are at war or at peace.

The CHAIRMAN. Do you maintain the station to the same degree?

Commander ALLEN. Yes, sir.

The CHAIRMAN. You think that in any event for the next six months you are going to keep this station at approximately its capacity?

Capt. LANING. Yes, sir. If we do not have the men there for training, we will have to send them there while we are demobilizing. For instance, on the east coast, the barracks and receiving ships and other places for the men do not begin to hold the men who are coming in or the men that we have to keep on shore temporarily. For instance, we have stripped a number of battleships down to the smallest complement that can make them steam back and forth across the Atlantic so that they can be used in carrying troops, and we must take care of the men who belong to those battleships until the ships get through carrying the troops.

The CHAIRMAN. I should think that you would put those men on the other ships, in as much as you will be so short of men.

Capt. LANING. We want those men for the battleships. They are trained battleship men. We have men enough to put on the merchant ships, and we are ready to man them all, but the men that we want to put on the merchant ships belong more to the reserve force. We do not want to put regulars on the merchant ships if we can help it. We want to man them entirely with reserves. These men are largely regulars that we would take off the battleships while they were carrying troops, and we must keep them in camp somewhere until the ships get through carrying the troops.

The CHAIRMAN. What I do not quite appreciate, although I assume there is a good reason for it, is this: if you are straining every nerve to get men in sufficient number to take care of those that are going out of the service, in order to keep your ships in commission and your merchant marine manned, why should you take certain men off the battleships and put them on shore?

Capt. LANING. They are only off the battleships temporarily while the battleships are carrying troops.

Capt. TAUSSIG. We have men for 1,300 ships that we have been told we will have to man, but they are not quite ready yet. We have to keep that number of men on hand. They have 1,300 ships coming along, and that is why we have more men on shore now.

NUMBER OF MEN ENLISTED FOR FOUR YEARS.

Mr. CANNON. How many of the four-year men are at the Great Lakes Station? By that I mean the men who enlisted for four years.

Capt. SCALES. The number is very small.

Commander ROBERTS. There are about 2,400.

Mr. CANNON. How many of the four-year men have you in the whole service, or men you could hold legally?

Capt. LANING. The total number of four-year men is 170,000. We had when the war started 57,000, and the difference between those numbers represents the number that came in for the war. Of course, some have been discharged since then. I should say that 120,000 represents the number of men who have enlisted for four years since the war started.

Mr. CANNON. You have now 120,000 of them?

Capt. LANING. One hundred and seventy thousand four-year men, of whom about 120,000 came in for the war.

Mr. CANNON. You propose now to hold those men for four years, notwithstanding the fact that the war has closed?

Capt. LANING. No, sir. Those men, while they came in for four years, did so because there was no other way by which they could join the Navy, and they wanted to fight in the Navy during the war. They have got to go out if they want to, and we feel that they ought to go if they want to.

Mr. CANNON. How many have you now at the Great Lakes?

Capt. SCALES. Two thousand four hundred.

Mr. CANNON. The reason I ask you about the Great Lakes is because it happens to be about 120 miles from where I live. How many men have you got now that were not four-year men and that were discharged at the close of the war?

Commander ROBERTS. About 31,000 men of all the different classes of men who enlisted for the period of the war.

Mr. CANNON. There are 31,000 who, the war having closed, are to be discharged now, if they want to be discharged?

Commander ROBERTS. Yes, sir; and they are being discharged now.

Mr. CANNON. Those 31,000 are at the Great Lakes?

Commander ROBERTS. Yes, sir.

NUMBER OF MEN BEING DISCHARGED.

Mr. CANNON. And you are discharging how many of them every day?

Commander ROBERTS. The number is gradually increasing. It amounts to a little over 400 per day.

Capt. LANING. Four hundred a day is a very rapid rate. Each man before he is discharged has to be given a physical examination, they have to close his account, and prepare his papers for him. The actual physical process of discharging a man takes considerable time.

NUMBER OF PERSONS ENGAGED IN HANDLING DISCHARGES.

Mr. CANNON. How many men have you engaged in that work, how many doctors, how many clerical people?

Commander ROBERTS. It is difficult to say how many, but in the Navy Pay Office there may be 300 men working on the pay rolls, with only a portion of those at any one time closing out accounts, although each one would have accounts to close out in turn.

Mr. CANNON. It seems to me with these 36,000 men receiving pay and subsistence that you ought to increase your clerical force. Why, my mail is loaded down with inquiries: "I can not be discharged. The war is over, my contract is closed." I go up to the Navy Department and am told that "The Commanding officer out there has authority to discharge."

Capt. LANING. We will be a year in discharging the men, letting them go. We expect to let go, all that we can let go, in three or four months.

Mr. CANNON. Why not in one month?

Capt. LANING. It can not be done; you can not get the office force organized.

Commander ROBERTS. One trouble is that the men who are doing the work of discharging are also applying for discharges themselves.

Mr. CANNON. How many men are working on the discharges?

Commander ROBERTS. We have at the Great Lakes along toward a thousand men working on discharges.

Mr. CANNON. Have you a thousand more men that you could put on that work?

Commander ROBERTS. Not trained men; no, sir.

Mr. CANNON. Does it take trained men to find out how much pay is due a man?

Commander ROBERTS. Yes, sir.

Capt. SCALES. A very high order of training is required in getting the men out of the service.

Mr. CANNON. Is there the same shortage of men to discharge men at all these other places?

Capt. LANING. We can not enlarge the office force just to discharge the men. That would increase it tremendously. These men want to get out themselves. We would have to keep that many more men there to discharge the others.

Capt. SCALES. We are only allowed to discharge 20 per cent.

Mr. CANNON. Why?

Capt. SCALES. That is the rule in the department. They are needed on the ships.

Mr. CANNON. What ships?

Capt. LANING. The ships that we are going to put into commission, and the ships we have in commission.

Mr. CANNON. Did they enlist to man the merchant marine?

Capt. LANING. Yes, sir; if detailed to that duty.

Mr. CANNON. Can you take these men that enlisted for and during the war, and that is the great majority—do you expect to put them on the merchant ships and make common sailors out of them?

Capt. LANING. If the merchant ships are given to the Navy the Navy men will have to man them.

Mr. CANNON. Even when the war is over?

Capt. LANING. Yes, sir. The law provides for the Navy men to man the merchant ships, the law creating the reserve force.

Mr. CANNON. After the war closes, when the contract was that they were to be discharged?

Capt. LANING. All the men that we are letting go now, hundreds of them, have not completed their contract with the Government, because the war is not over and will not be over until the treaty of peace is signed. We are letting all those men go ahead of the Government contract.

Mr. CANNON. The treaty of peace will not be signed for six months, and in the meantime these men are entitled in good faith to be discharged.

ADDITIONAL MONEY NEEDED.

The CHAIRMAN. As I understand you, your estimate of additional need is simply predicated upon your past expense?

Commander ALLEN. Yes, sir.

The CHAIRMAN. And which has been or will be to the end of December about \$1,700,000?

Commander ALLEN. For the station from the 1st of July.

The CHAIRMAN. Are you getting any moneys from any other source for this sort of work?

Commander ALLEN. Heretofore we have had some from the Bureau of Yards and Docks.

The CHAIRMAN. You are not getting any now?

Commander ALLEN. Just at present we are.

The CHAIRMAN. Is that one of the results of your method of merging your appropriations under a general account?

Commander ALLEN. The original station was maintained under an appropriation for navigation. Then, the new part has been maintained under an allotment from Yards and Docks, but that was when it was considered temporary construction.

The CHAIRMAN. When does it cease; when that money runs out?

Commander ALLEN. It was paid for that way while it was under construction. The moment it is turned over completed the charges should come out of maintenance. We make no difference with the station before the war and after the war.

Capt. LANING. It is easier to handle when under one appropriation. The station is purely a Bureau of Navigation activity. We would rather have it under one appropriation than have part of it under Yards and Docks, which is not concerned in any way with the station.

The CHAIRMAN. You are asking here for all the money that you need under the head of maintenance?

Commander ALLEN. Yes, sir.

The CHAIRMAN. If you are given this money, there is no money to go to Yards and Docks for the Great Lakes?

Commander ALLEN. I should not expect to ask for any if we had that amount appropriated under "Maintenance, Navigation."

Capt. SCALES. As long as construction work goes on the two appropriations are good. Next year comes up 1920 with the same thing; we want the one appropriation.

Commander ROBERTS. The maintenance and repair appropriations of the station do not cover the contracts for construction, but they do include the coal.

Capt. SCALES. That is what we want—the coal, and labor, and all that to come under one appropriation. As long as Yards and Docks is building the station, naturally they control the appropriation. As soon as it is completed they should go out.

The CHAIRMAN. How came you to be so short?

Commander ALLEN. Because the camp has been growing very fast during the last summer, from about 3,000 to 45,000.

The CHAIRMAN. Did you not expect that when you submitted your estimates?

Commander ALLEN. We had no idea how large it would be. It has cost a great deal more to maintain what we have than we expected.

NAVAL TRAINING STATION, RHODE ISLAND.

The CHAIRMAN. The naval training station, Rhode Island. You have had \$550,000; you have expended as of the 1st of November \$375,252.19, you have an unexpended balance of \$174,747.81, you have unpaid obligations of \$279,187.49, and therefore have a deficiency of \$104,439.68 and an estimate of \$450,000 as your deficiency to carry you through the year?

Capt. CAMPBELL. Yes, sir. The figures I gave you take that up to the 1st of December. I have not the data for the 1st of November.

The CHAIRMAN. According to these figures you had a balance on hand December 1 of \$150,895, you had outstanding obligations of \$221,733, with a deficiency as of the 1st of December of \$70,838, and estimated requirements for the balance of the year of \$341,061, or a deficiency of \$411,899. So your deficiency is not as large as you thought it would be a month ago?

Capt. CAMPBELL. In going over the list of outstanding obligations we found a few items that have been gotten in other ways, from other appropriations in connection with the extension of the station, and those have been cut out, amounting to \$27,746. They have been gotten from other sources.

NUMBER OF MEN.

The CHAIRMAN. How many people have you at Newport?

Capt. CAMPBELL. At the present time there are approximately 6,000 men.

The CHAIRMAN. How many do you expect to maintain during the year?

Capt. CAMPBELL. The winter capacity of the present training station is 6,500 men. The summer capacity under roof is 8,000 and last summer we had about 4,500 in tents. There is a proposed extension of the station now under construction by which 15,000 additional men are contemplated to be added to the station. In preparing the estimates I counted on that extension being put in commission about May so that there would be two months during this fiscal year with about 23,000 men on the station. Of course, the last two months are problematical, depending upon the development of the extension of the station that is now under construction.

MAINTENANCE.

The CHAIRMAN. All of this maintenance item is a maintenance item and not in any way construction?

Capt. CAMPBELL. Maintenance altogether. The items are listed there as well as we could estimate our needs for the next seven months, and the second list is a list of items for which obligations now stand and some of which are canceled.

The CHAIRMAN. A lot of them would seem to indicate construction?

Capt. CAMPBELL. A great many of those items are things that already have been used, but have not yet been paid for.

The CHAIRMAN. How do they come to be charged against maintenance?

Capt. CAMPBELL. This is a combination of the maintenance appropriation and the naval emergency fund. We had money allotted under the naval emergency fund for temporary additions to the existing buildings. There has been some temporary construction.

The CHAIRMAN. How much money was allotted for that purpose?

Capt. CAMPBELL. The allotment from the naval emergency fund totals \$498,878.

The CHAIRMAN. How much have you left?

Capt. CAMPBELL. We have a deficit in that of \$41,040.99; that is, there is a balance remaining of \$39,939.25 and \$80,980.24 obligated, leaving a deficit in that fund of \$41,040.99.

The CHAIRMAN. How are you going to pay that? Is that carried in this deficit?

Capt. CAMPBELL. Yes; the two are joined. What I was showing you there is a combination of the maintenance appropriation for this last year and the allotment from the naval emergency fund.

The CHAIRMAN. Did you ask for any additional allotment out of the emergency fund?

Capt. CAMPBELL. No, sir; it will all be maintenance; it is used for maintenance purposes from now on.

The CHAIRMAN. You seem to have, in connection with this emergency fund and this maintenance fund, quite a number of items, which, perhaps, might fall under maintenance. I notice a lot of typewriters and odds and ends in the way of supplies. Are they usually obtained out of the maintenance fund?

Capt. CAMPBELL. Yes, sir; that is for carrying on the station.

The CHAIRMAN. Do you make requisitions on the supply department for your requirements as to those things?

Capt. CAMPBELL. They are made direct to the Bureau of Navigation—that is, on what we call navigation requisitions.

The CHAIRMAN. Do they, in turn, get them from Admiral McGowan's department?

Capt. LANING. Yes, sir; and they are charged up to our appropriation.

Capt. CAMPBELL. It all goes to Supplies and Accounts.

The CHAIRMAN. Do you know whether he is buying outside stocks in order to take care of these requisitions from the various departments?

Capt. LANING. I do not know how he is providing them.

Capt. CAMPBELL. Of those typewriters, you will notice it says "one-half"; I cut out half of those, thinking I might be able to get

them from other offices of the district that are being abandoned, and I think I will be able to get some typewriters from them. That is one thing I cut out of the obligated amount.

CHARACTER OF BUILDINGS AT NEWPORT—STATUS OF CONSTRUCTION.

The CHAIRMAN. Has your construction at Newport all been of a temporary character?

Capt. CAMPBELL. There are three buildings under construction now of permanent character—brick; the others are frame and of temporary construction.

The CHAIRMAN. Does what you call "frame, temporary construction," correspond to what is in these Army cantonments, or is it a little bit more elaborate?

Capt. CAMPBELL. I have not been to any of the Army cantonments.

The CHAIRMAN. Do you paint your buildings?

Capt. CAMPBELL. Yes, sir.

The CHAIRMAN. They are painted?

Capt. CAMPBELL. Yes, sir; for preservation purposes.

The CHAIRMAN. What has been the rule adopted at Newport touching what you would complete, and what, if anything, you would abandon as a result of the signing of the armistice?

Capt. CAMPBELL. In the way of construction?

The CHAIRMAN. Yes.

Capt. CAMPBELL. Everything that is now under construction should be completed, even under peace conditions.

The CHAIRMAN. I take it you mean under the peace conditions of the next year or so.

Capt. CAMPBELL. Yes, sir. If the training station is to be continued as a training station, with a proposed complement of 23,000, or even the present station of 8,000, every building that is now under way should be completed for the use it is being built for.

Mr. MONDELL. What is the state of construction? How far along are those new buildings?

Capt. CAMPBELL. Of the buildings that are now unfinished, there is a radio school, that is about 98 per cent complete, I should say; it will probably be finished before the end of the year; there is a storehouse for supply officer's stores; roughly speaking, I should say it is about 30 or 40 per cent complete; that is of brick construction; there is an extension to the commissary store of brick construction, including a refrigerating plant which, I should say, is about 30 or 40 per cent complete; there is a maintenance building, including machine shop, carpenter shop, paint shop, etc., which is about 5 per cent complete—just being started; there is a building which is going to be used as barracks for the bluejacket guard which is about 90 per cent complete; there is a building, called the Industrial Building, for the tailor shop, the cobbler shop, photographer, and rigging loft, which is about 15 per cent complete.

The CHAIRMAN. Are they salvage shops?

Capt. CAMPBELL. They are regular shops for the upkeep of shoes, a regular cobbler shop, and a tailor shop for the men's clothing, the station photographer, and a rigging loft, all in one building.

Mr. MONDELL. They are repair shops?

Capt. CAMPBELL. Yes, sir; they are the only buildings under construction.

Mr. MONDELL. You are speaking of the buildings under way for the contemplated increased capacity of 15,000 men?

Capt. CAMPBELL. No, sir. Those buildings I spoke of are on Coasters Harbor Island. The Training Station at Newport is divided into two parts; the old station, with a capacity of 8,000 men, is on Coasters Harbor Island, while the extension of the station is on what is called Coddington Point, the mainland adjacent to Coasters Harbor Island, where it is proposed to house 15,000 men. Those buildings are not all under way, but probably two-thirds of them are under way at the present time. I have the blue prints if you would like to see them.

The CHAIRMAN. Has it been determined to go ahead with their completion?

Capt. CAMPBELL. The last I heard it was contemplated to go ahead with it. Capt. Bennett just said it was doubtful, but how doubtful I do not know. I understood it was to be gone ahead with.

Capt. BENNETT. That comes under the appropriations for Yards and Docks and not from the appropriation under discussion now, and we do not know whether that is to be completed or not. As I told you a while ago, the completion of this station as well as the completion of the station at the naval operating base is doubtful.

The CHAIRMAN. Do you mean doubtful because of no final decision having been reached by the Navy Department.

Capt. BENNETT. Well, I understand the Navy Department has given Yards and Docks certain instructions relative to the completion of those two projects, but what those instructions are, I do not know. I went down to Yards and Docks to-day at noon and inquired, but I did not find the assistant chief of the bureau in.

Mr. MONDELL. The buildings you first referred to are buildings in connection with the present station?

Capt. CAMPBELL. Yes, sir.

Capt. BENNETT. But they will also serve the new and the old station; that is, the cobbler shop can do all the cobbling work for both the new station and the old station; the same is true of the tailor shop and the maintenance building.

Capt. CAMPBELL. The maintenance building is to replace the building that has been at that place since the forties.

Mr. MONDELL. But the buildings, in the main, would be needed for your present station, at its present capacity, without regard to the new station or the enlarged section.

Capt. CAMPBELL. Yes, sir.

Capt. BENNETT. Capt. Campbell knows more about that particular than I do, but I know that he must have new buildings, because the old ones are 60 or 70 years old.

Capt. CAMPBELL. The radio school is needed, because we will go on with that as a radio school; the blue-jacket guard building is needed—in fact, they are all needed for the present station.

Mr. MONDELL. And their completion does not depend upon the taking up of the new project?

Capt. CAMPBELL. No, sir.

Naval Training Station, Newport, R. I.

Balance on hand Dec. 1.....	\$150,895
Outstanding obligations.....	221,733
Deficit Dec. 1.....	70,838
Estimated requirements for maintenance to July 1, 1919.....	341,061
Required.....	411,899

ESTIMATED REQUIREMENTS FOR REMAINDER OF FISCAL YEAR.

Item.	Average monthly expenditure for 1 year, ending Dec. 1, 1918.	Estimated average monthly expenditure for 7 months, beginning Dec. 1, 1918.	Estimated total required to carry on until July 1, 1919.
Fuel.....	¹ \$7,100	\$14,000	\$98,000
Water.....	1,800	2,300	16,100
Labor.....	² 7,000	5,500	38,500
Schools.....	610	600	4,200
Offices.....	3,414	6,500	45,500
Commissary.....	471	470	3,230
Supply system.....	18	18	126
Land transportation.....	1,076	1,000	7,000
Floating property.....	22	25	175
Power plants.....	3,330	5,000	35,000
Quarters, officers and men.....	7,303	7,500	52,500
Fire protection.....	277	300	2,100
Shops.....	567	600	4,200
Grounds.....	875	900	6,300
Hospitals.....	50	60	420
Water front.....	100	150	1,050
Miscellaneous.....	1,680	2,000	14,000
Required for maintenance.....			341,061

¹ For last 5 months, \$10,400.² Approximate.*Principal items making up total of \$249,479 on outstanding requisitions.*

APPROPRIATION, "NAVAL TRAINING STATION, R. I."

Nav. 4. Towel service for administration building; not used.	
Nav. 15. Motorcycles (paid for by Yards and Docks).....	\$4,321.00
Nav. 17. Material for addition to Hospital Corps, school, washrooms Coddington Point, Barracks B, floor in barber shop, etc.....	9,684.12
Nav. 20. Items 1-3, 4-7, 10, 16, 18, 20, 21, 24, and 25, for new canteen at Coddington Point, bake shop, electrical equipment for general use, etc...	2,542.30
Nav. 22. Items 2-6, inclusive, recreation building at Coddington Point...	296.50
Nav. 26. Fence at Coddington Point.....	11,000.00
Nav. 27. Item 3, flooring for storehouse at "Point" and offices on station..	480.00
Nav. 28. Horse, not purchased.....	500.00
Nav. 30. Cash registers and safe for commissary department, Coddington Point.....	1,525.00
Nav. 33. Two typewriters for "recruit".....	124.00
Nav. 35. Painting brick storehouse.....	2,000.00
Nav. 37. Items 6-38, inclusive, required "for stock." Screws, tees, etc., for new storehouse.....	236.20
Nav. 39. Electrical equipment for Coddington Point.....	1,272.50
Nav. 40. Addressograph, Newport recruit.....	447.00
Nav. 41. Electrical equipment, Destroyer Hall.....	5,575.00
Nav. 44. Special flooring in drill office, waiting room, etc.....	3,942.18
Nav. 53. New power-plant tools.....	110.00
Nav. 56. Five motor trucks.....	20,908.94
Nav. 61. Wood hoist for Nash-Quad.....	700.00
Nav. 62½. Wire screening for wash house and latrines at Coddington Point.....	2,496.00
Nav. 63. Items 13-32, inclusive, iron pipe for stock.....	10,614.50

Nav. 69. Safe cabinet for ship's store yeoman.....	\$396.00
Nav. 70. Tools for joiner's shop, maintenance building.....	13,363.00
Nav. 73. Miscellaneous material for pilot house on Inca., etc.....	3,093.46
Nav. 75. Four Navy standard ranges.....	690.00
Nav. 77. Steel office inclosure, power plant.....	650.00
Nav. 78. Paper, cards, etc., for executive office.....	4,068.66
Nav. 81. Items for bakery addition (1, 2, 4, 6, 12, 13, 15).....	247.00
Nav. 83. Laundry machinery.....	7,950.00
Nav. 85. Wire, lumber, etc., power plant, Coddington Point.....	3,108.00
Nav. 86. One typewriter, service department.....	62.00
Nav. 89. One typewriter.....	62.00
Nav. 90. Six typewriters, commissary school.....	372.00
Nav. 103. One typewriter, radio school.....	62.00
Nav. 105. One typewriter.....	62.00
Nav. 106. Four typewriters.....	248.00
Nav. 107. One typewriter.....	62.00
Nav. 108. One typewriter.....	62.00
Nav. 99. Twenty typewriters, executive office for increase due to Coddington Point.....	1,288.50
Nav. 88. Paint for buildings on station.....	2,905.00
Nav. 93. Structural steel for turbo foundation for power plant.....	1,202.00
Nav. 94. Food carriers and coffee pots.....	2,664.00
Nav. 97. Wire cable for bakery and stock.....	8,000.00
Nav. 98. Two sewing machines and 2 motors.....	360.00

APPROPRIATION "NAVAL EMERGENCY FUND."

Contract 3134, 3160, and 2997 for refrigeration system; addition to bakery; and painting barracks buildings.....	30,000.00
Nav. 163. Hammock stays-shack.....	9,818.70
Nav. 205. Lumber, new buildings.....	620.47
Nav. 206. Electrical material, new garage.....	152.20
Nav. 207. S. W. fire mains, Camp Sadler.....	189.57
Nav. 216. Drinking fountains, painting shacks, etc.....	7,717.90
Nav. 225. Jack stays.....	800.00
Nav. 230. Balcony, commissary building.....	1,990.00
Nav. 238. Heating swimming tanks.....	871.00
Nav. 246. Typewriters.....	255.00
Nav. 252. Automobile and trucks.....	4,791.00
Lumber not stubbed out.....	55,000.00
Unpriced miscellaneous not stubbed out.....	4,980.00
Total.....	249,479.00
Can be canceled.....	27,746.00
Remaining obligations.....	221,733.00

T. HELENA TRAINING STATION AND TRAINING STATION AT NAVAL OPERATING BASE, VIRGINIA.

The CHAIRMAN. There has been appropriated for St. Helena \$390,000; expended, \$138,107.05, with an unexpended balance as of November 1 of \$251,892.95; with unpaid obligations as of the 1st of November of \$242; with an unobligated balance of \$251,650.95 and an estimated deficiency of \$610,278.35. Do those figures agree with our figures?

Capt. CROSE. I saw them to-day for the first time. I brought up my own figures, but I had not seen these figures of the bureau before.

The CHAIRMAN. What do your figures show?

Capt. CROSE. The appropriation at St. Helena is one which has been carried on for a long time and since the last fiscal year is divided between the training station at St. Helena and the training station at the naval operating base. That appropriation of \$390,000 included

the appropriation for the fiscal year 1918 and the appropriation for the fiscal year 1919, of which \$80,000 was for St. Helena and \$310,000 for the operating base, all under the name of St. Helena and naval operating base. The \$80,000 was all expended and nothing was left at the end of the fiscal year. The Bureau of Navigation allotted to the St. Helena station—which, as you know, is opposite the navy yard at Portsmouth, Va.—the sum of \$90,000. Capt. Chadwick commands that station and I have nothing to do with it.

Capt. Chadwick is ill and I brought his figures with me. Capt. Chadwick adopted the same plan I adopted at the beginning of the fiscal year; we practically combined the naval emergency appropriation with the appropriation under this heading for maintenance, Navigation. I have Capt. Chadwick's figures of the total expenditure under this appropriation up to and including the 30th of November, the same amounting to \$21,491.03; he also expended of the naval emergency appropriation from the 1st of July to the 30th of November \$21,876.79; he has obligated up to date, in the form of stub requisitions, which are drawn on the paymaster at the navy yard, Norfolk, which have not yet been priced to him, and part of which has already been expended and none of which includes any construction and no large individual items, the sum of \$31,226.77; he has unobligated, to run him the rest of the fiscal year, \$36,282.20. He has had an average expenditure from both funds for the five months of \$14,918.92. He believes that in the remaining seven months he will be able to get along, notwithstanding that fact, with the \$36,282.20 and does not ask for a deficiency.

DEFICIENCY FOR NEW TRAINING STATION.

The CHAIRMAN. What constitutes your deficiency of \$610,000?

Capt. CROSE. I explained that first so we could get to my part. The training station at the naval operating base had at the beginning of the fiscal year \$220,000 from the appropriation "Naval training station, St. Helena, 1919," it had also a balance on hand from the naval emergency fund, Navigation, No. 9325, the sum of \$125,000; we have expended from the appropriation of the naval training station \$42,539.42; we have obligated for material on stub requisitions from the navy yard, \$13,000, as nearly as can be determined, because some of those requisitions have not yet been priced to us; some of the material had been expended, but none for construction. We have left, out of that, \$164,460.58. We have expended under the naval emergency fund \$111,601.57, with a balance of \$13,398.43, and an estimate of material obligated of \$200 and a balance not expended or obligated of \$13,198.43, the total balance unobligated or unexpended being \$177,639.01.

Our average expenditure per month for five months for maintenance alone has been \$33,468.29. We have a balance, unexpended or unobligated, of \$177,639.01 to run us for the rest of the fiscal year, and if we keep within that we will have an average per month of \$25,379.85. The deficiency which was asked for was on account of the new training station which adjoins the present naval operating base, which is under construction at the present time. I estimate that it is about 50 per cent completed, 89 per cent of the material is either on hand or is rolling toward the station at the present time.

The total appropriation for that new training camp, for the buildings alone, was \$3,450,000, approximately; the contract was let to John Gill & Son, of Cleveland. In addition to that he has additional contracts which brings the total to something over \$5,000,000; that is, for heating, sewage, water, lighting, and pavements. Mr. Gill has adopted rather revolutionary tactics as a contractor. His material has been cut at the mills to size, has been mortised, and is ready for construction as it comes on to the place. He is proceeding very rapidly with his work, so that the amount of building which is standing is not a fair criterion, I believe, of what the actual percentage of completion would represent otherwise. Much of the material which he has coming is of a special nature and would not be worth very much as salvage. This question was taken up by the Secretary of the Navy 10 days ago; he had with him the public works officer, the contractor, Rear Admiral Dillingham, and myself, and after a consultation as to the status of that appropriation and the status of the work the Secretary of the Navy decided to go on with the work on account of its state of completion.

The CHAIRMAN. Am I correct in assuming that this deficiency is to pay for that construction?

Capt. CROSE. No, sir; none of it. The construction was to have been finished for one part of the camp the last of January and the rest of the camp was to come on at intervals of one month, and by the last of April it was thought everything would be finished.

Owing to the change of the hours of labor to eight hours the date of completion has been deferred, and we will not get into our incoming detention group until February and not into the main camp probably until May, and therefore my estimate of \$240,000 should be cut in half to \$120,000 for the maintenance only of that training station, or that part of it for that time. The rest of the deficiency, which amounted to \$365,000, was for coal, water, and electrical current. In compliance with the orders of the Bureau of Navigation, the same as in the case of the Great Lakes, we received directions to lump all the maintenance appropriations into one sum. I have been informed since that for the fiscal year 1920 the Bureau of Yards and Docks might pay for the coal, water, and electrical current, according to the Secretary of the Navy. If that is true, and if they paid this amount during this present fiscal year, the deficiency for this year would total \$120,000, all of which would go into the new camps.

CAPACITY OF NEW CAMP.

The CHAIRMAN. How large is this camp as compared with the old ones?

Capt. CROSE. It is the same size. The new camp holds 14,000 men, and the old one holds about 13,500 men.

The CHAIRMAN. What did you figure your maintenance per month for the old camp?

Capt. CROSE. \$33,000.

The CHAIRMAN. What do you figure it for the new one?

Capt. CROSE. \$120,000 for the remaining three or four months. I said that we would not be in the incoming detention group until February.

The CHAIRMAN. Why should this cost more than the other?

Capt. CROSE. Because it is a new camp, and various things must be purchased outright.

The CHAIRMAN. Do you mean that the maintenance will be heavier for a new camp than for an old camp?

Capt. CROSE. Yes, sir; because there are many things that must be purchased outright. I tried to lump it as well as I could.

The CHAIRMAN. If I understand you correctly, a part of this estimate should be eliminated because of the fact that it will be taken care of out of the Yards and Docks appropriation?

Capt. CROSE. I understand it will be taken care of for the fiscal year 1920 in that way, and if it is taken care of for the rest of this fiscal year in that way, it may be eliminated, or the \$365,000. However, that is not for me to say.

The CHAIRMAN. Do you understand that that applies to each of the other barracks at these other training stations, so far as water, coal, and electric current are concerned?

Capt. LANING. No, sir. The naval training operating base is on a different footing from the others. This is run in connection with the operating base. I suppose it is heated and lighted from the power plant of the operating base.

Capt. CROSE. The operating base is composed of four activities.

The CHAIRMAN. I do not think you caught my question: If I understand the situation, a part of this deficiency is now proposed to be eliminated because services for which money was asked will be rendered through funds that come from Yards and Docks?

Capt. LANING. Yes, sir.

The CHAIRMAN. What I asked was whether that also applied to the other naval stations, such as the Great Lakes and Newport.

Capt. LANING. No, sir.

The CHAIRMAN. Why are you following one rule at one place and another one at another?

Capt. LANING. There is a different situation down at the naval operating base. The Bureau of Yards and Docks maintains the naval operating base as a whole, and this is simply one section of it. They get their heat and light from Yards and Docks, which furnishes heat and light to the other parts of the base. Yards and Docks comes in there and supplies certain things, simply because they all come from one central plant which is operated by Yards and Docks. It is practically impossible to separate it down there without building a new plant. It is a different situation from that at the other stations.

Capt. CROSE. It has not yet been decided that this deficiency will be taken care of by Yards and Docks. I understand that it is the present intention that it should be taken care of by Navigation.

SATURDAY, DECEMBER 21, 1918.

TRANSPORTATION.

The CHAIRMAN. From the table which has been presented to me there has been appropriated for transportation navigation for the fiscal years 1918 and 1919 a total of \$18,431,348. There had been

expended as of November 1, \$11,068,155.64, and there was an unexpended balance of that date of \$7,363,192.36, with unpaid obligations of \$174,805.20, leaving an unobligated or free balance of \$7,188,385.16, and it is estimated that in addition to that free balance there will be needed a deficiency appropriation of \$783,134.

DEFICIENCY FOR 1918.

Capt. LANING. That is all correct, except the deficiency. The deficiency is in the 1918 appropriation. We overexpended that appropriation by the amount indicated under the head of deficiency there, and it has not yet been made up. If it can be made out of the 1919 appropriation, we will not need the deficiency.

The CHAIRMAN. Yes; you would need it, because it will take up all the money you have for the rest of the year.

Commander WINSHIP. Mr. Chairman, the statement which I have submitted would be complete with the \$783,134, the deficiency for the year 1918, added to the prospective deficiency. That is the only difference between the sheet you have there and this statement; in other words, you take the net deficiency of the year preceding of \$783,134 and added to the difference there of about \$1,100,000, the expected deficiency for the year, the statement would be complete; but we might be able to get through without that. In other words, our estimates of transportation may exceed the actual amount needed. Our estimate for the remainder of the year is based entirely on man trips of an average of \$25 each, and we may get through the year without an addition to our present appropriation.

The CHAIRMAN. As I understand it, the Navy bill for 1919 carried the following provision:

All unexpended balances of appropriations made for the Naval Establishment for the fiscal year 1918 in the naval appropriation act and in the several acts making deficiency appropriations are hereby continued and made available for the fiscal year 1919. The balances existing after all payments made prior to the passage of this act have been charged shall be transferred to and merged with the corresponding appropriations contained in this act: *Provided*, That prior to the transfer there may be charged against these balances the expenditures prior to July 1, 1918, on account of the accrued pay of officers and enlisted men of the Navy and Marine Corps, accrued pay of civilian employees, and supplies issued from the naval supply account.

All appropriations contained in this act are hereby made immediately available, but no appropriation in this act shall be used for payment of deficiencies.

Now, if I understand the situation, instead of having a balance over from 1918 you had an actual deficiency?

Capt. LANING. Yes, sir.

The CHAIRMAN. Suppose, therefore, for the sake of convenience we deal with the appropriation under this head for the two fiscal years. First, as to 1918, what was the extent of the deficiency that you incurred?

Capt. LANING. \$783,134.64.

The CHAIRMAN. That represents an ascertained deficiency for 1918?

Capt. LANING. Yes, sir.

The CHAIRMAN. Excluding that from 1918, you have had for this fiscal year how much money?

Commander WINSHIP. \$12,000,000. My statement takes it up from that point. I regarded the deficit of \$783,134.64 as a subject for a separate appropriation, as it could not be paid out of the appro-

priation for this year unless additional legislation were enacted to cover this point.

The CHAIRMAN. Out of that \$12,000,000 you have, as of December 1, according to the statement just handed me, a balance of \$7,188,585.

Commander WINSHIP. We have had no returns since November 1; in other words up to December 1 this is all I had before me.

The CHAIRMAN. Well, as of November 1, then.

Commander WINSHIP. Of course, there are a lot of returns to come in yet.

ESTIMATED EXPENDITURE FOR BALANCE OF FISCAL YEAR.

The CHAIRMAN. What do you estimate will be your expenditure for the balance of the fiscal year?

Commander WINSHIP. My estimated expenditure will be for the demobilization of 150,000 men at an average of \$25 per man. That takes in subsistence, sleeping accommodations, meals, and railroad fare, and we have found the average to be about \$25. Then we expect to recruit 70,000 men and their average runs approximately the same, about \$25, which would be \$5,500,000. Subtracting this amount from the \$7,188,585 available December 1, there is a balance of \$1,688,585 to cover transfers within the service and the cost of the recruiting service, such as rents, advertising, etc., which are also payable out of this appropriation. The probable expense under these items is more indefinite than under those given. Based on previous records, however, and taking into consideration changed conditions, it is estimated that there will be 100,000 transfers within the service.

We have had to do a good deal of figuring to arrive at that point, and those 100,000 are charged at the same price, \$25, which would be \$2,500,000, and for the recruiting expenses for the remainder of the year I think we can get through on \$300,000—I believe we will get through the whole year on approximately \$500,000, which will bring the figure to \$2,800,000, and we have only \$1,111,415 to get by with, which would leave a prospective deficiency of \$1,688,585. I believe we can get by provided our estimates as to the number of men we are going to take in and the number of men we are going to demobilize is overestimated. But that is not a thing we can determine definitely; that is, how many we are going to demobilize or how many we are going to take in.

The CHAIRMAN. If I understand your situation, then, you are not asking at this time for any money to take care of a prospective deficiency for 1919?

Commander WINSHIP. No.

The CHAIRMAN. But you are asking an appropriation of \$763,134.64 to take care of an ascertained deficiency for 1918.

Commander WINSHIP. That is all, sir.

RECRUITING.

The CHAIRMAN. You are proposing to do a good deal of recruiting?

Commander WINSHIP. We are, sir.

The CHAIRMAN. Have you ever considered the possibility of cheaply recruiting for the Navy at demobilization points of the Army?

Commander WINSHIP. We are doing that now, and we are now preparing a campaign at those points and we are sending out our moving pictures of *The Making of a Sailor*, etc. That is under consideration now and the details as to a large part of it have been worked out.

The CHAIRMAN. It would seem quite possible, out of the several million men who are to be demobilized, and who have had the benefit of training in the Army, to obtain a very large proportion of the recruits for the Navy now desired.

Capt. LANING. We have been expecting to get a good many of those men, but we probably will not get them at the points of demobilization, but will get them a month or two later, after they have been at home. They all seem to want to go home now, but we are going to try to reach them and get the idea in their heads before they leave the demobilization points.

Capt. TAUSSIG. We actually have our moving-picture men at these demobilization points now starting such a campaign.

PAY OF MEN IN NAVY.

Commander WINSHIP. There is another thing to be taken into consideration, and that is the fact that the holidays are coming; also a prospective decrease in pay. During the war the minimum pay in the Navy was \$32.50, and we will drop back to \$17.60 upon signing of peace. The Shipping Board's minimum pay is \$75, so that we have that to compete with. We can not recruit cheaply when the other men are getting \$75 a month and are given unusual accommodations. I understand that each two men working under the Shipping Board will have a stateroom—that is, deck hands—at least that is the rumored program. With that condition existing, and our men only getting \$17.60, we can not recruit cheaply; we have hard work ahead of us. Congress has been requested to put the men on a \$32.60 permanent basis, but even that leaves us talking \$32.60 as against \$75.

The CHAIRMAN. How much recruiting is now being done by the Shipping Board at salaries of \$75, in view of the fact that you are manning and running all of the ships?

Capt. LANING. They are making a very heavy campaign for recruits. The ships we were manning for the Shipping Board, under the original agreement, were ships that went into the war zone, while they intended to man the ships that went into the coastwise trade and the Great Lakes trade; it was also intended, I believe, that the Shipping Board should man ships going into safe waters, such as ships going to South America, and they will probably want to man those ships. We are not going to man every ship the Shipping Board turns out, but only certain ships that they turn out. They are now making a very heavy campaign for men to man these ships; they are doing a great deal of advertising and even trying to get our men on discharge.

Commander WINSHIP. If we had a base pay of \$75 we could do cheap recruiting, but we must avoid the subject of pay now unless the applicant himself brings it up, because at \$17.60 you can not get any kind of labor on earth now. In other words, we are asking them to come into the Navy and do something for glory. Some-

times it is pretty hard to sell glory. It is a drug on the market in peace times.

The CHAIRMAN. You have other advantages, however, have you not, in the way of clothing and allowances?

Commander WINSHIP. \$100 is allowed to cover clothing for a four years' enlistment, and that does not add very much to the \$17.60, especially if a man happens to go out in the meantime and has to make a refund.

The CHAIRMAN. You get leave and some other advantages that the Shipping Board can not give.

Capt. LANING. There is one advantage that the Shipping Board gives that the Navy will never be able to give. They work on an eight-hour day basis and are paying time and a half for overtime, and that is something that was not heard of in seagoing until recently.

The CHAIRMAN. You mean aboard ship?

Capt. LANING. Yes, sir; a sailor for the Shipping Board works on an eight-hour day basis and gets his full pay, and if he works another hour for any reason he has to be paid time and a half for his overtime work. In addition to that, when they went into the war zone they paid them a 50 per cent bonus, so that a sailor's pay on a merchant ship going into the war zone was \$137.50, as paid by the Shipping Board.

The CHAIRMAN. Is that the result of legislation or is that pay arbitrarily fixed by the Shipping Board?

Capt. LANING. I think that is left entirely with the Shipping Board. I do not know how they get their wages, but it is not the result of legislation, because I was talking to their personnel people the other day and asked them when they were going to cut down that bonus. They said they had not cut it down as yet, and I said that as the submarine menace was now over it might be cut down, but I have not heard that they have cut it down. Of course, there is no chance at all, with the unionizing of the merchant sailors of the Shipping Board, of ever getting that time and a half off for overtime work.

Commander WINSHIP. When I said we would try to get through with this, I had in mind the fact that there is a balance of \$514,000 on recruiting of last year that I can use this year; that can be carried forward, and I anticipate using that and I may be able to get by without having to ask for any more for transportation during the year, because I can carry that \$514,000 forward, which would make the difference that I show here just that much less. If I use that, which I propose to do, there will be a prospective deficiency of approximately \$1,000,000. That is based on the maximum number that we expect to move, but we may not move that maximum. At the present time I do not think we ought to ask for anything for transportation, but we ought to be let alone and not have anything taken off.

The CHAIRMAN. If I understand, you have a balance available this year from recruiting of \$514,000?

Commander WINSHIP. Yes, sir.

The CHAIRMAN. Which could be used this year for both recruiting and transportation?

Commander WINSHIP. Yes, sir; so that would make my prospective deficiency about \$1,000,000.

The CHAIRMAN. It is not available, however, for the transportation deficiency of last year?

Commander WINSHIP. No, sir; but it can be merged in "Transportation and recruiting" this year, because recruiting was merged into transportation; it is all under one head this year.

CONTINGENT, NAVIGATION.

Capt. LANING. The next is "Contingent, Navigation."

The CHAIRMAN. There seems to have been \$40,000 appropriated, \$23,313.60 expended, and an unexpended balance of \$16,686.40, with unpaid obligations of \$20,034.13, indicating a present deficiency of \$3,348.13 and an estimated deficiency of \$5,000?

Capt. LANING. Yes, sir.

The CHAIRMAN. What do you use this fund for?

Mr. HENKEL. It is used for medals, good-conduct badges, honorable-discharge buttons, and for the transportation of effects of deceased officers and enlisted men. I believe that this present deficiency of \$3,448.13 is an error, because our books show that on November 1 we had a balance of \$23.41. It is probable that some charges have been made against this appropriation which should have been made against other appropriations.

The CHAIRMAN. What do you estimate your need will be for the balance of the year?

Mr. HENKEL. \$5,000. We will need this amount for engraving medals and for new medals and for honorable-discharge buttons.

ARMING AND EQUIPPING NAVAL MILITIA.

Capt. LANING. I would like to take up schools and camps of instruction, and arming and equipping Naval Militia. Capt. Bennett can give you the information about those two appropriations.

The CHAIRMAN. Under the head "Arming and equipping Naval Militia," there has been appropriated \$1,527,617.70; there seem to have been expenditures amounting to \$873,193.46; an unexpended balance of \$655,424.22, unpaid obligations of \$218,596.47, leaving an unobligated balance of \$435,827.75.

Capt. BENNETT. Yes, sir; but there are other obligations under this appropriation which consist of allotments which have been granted. You understand what we mean by allotments?

The CHAIRMAN. I think I do.

Capt. BENNETT. That virtually amounts to an obligation. I have a list of those allotments here, and they amount to \$145,220.85.

The CHAIRMAN. Perhaps it might be well for you to briefly explain just what activities are carried on under the general heading "Arming and equipping the Naval Militia."

Capt. BENNETT. The act merged this appropriation practically into the appropriation "Schools and camps of instruction," and we have used them interchangeably, except that we have generally, for the sake of simplifying the bookkeeping, spent the money from this particular appropriation for certain training camps which originated as Naval Militia training camps, the principal one being on the campus of the University of Washington, at Seattle.

The CHAIRMAN. You seem to have \$145,220.85 allotted for various purposes, consisting of the following items:

Arming and equipping Naval Militia.

Date.	Place.	Purpose and material.	Amount.
July 16	Thirteenth naval district, Puget Sound.	Maintenance training camp, Seattle.....	\$7,500.00
July 6	Yards and docks.....	Building naval training camp, Seattle.....	54,800.00
Aug. 12	do.....	Lumber, board walk, Seattle.....	2,500.00
Sept. 9	Thirteenth naval district, Puget Sound.	Oil stoves.....	7,500.00
Nov. 1	Yards and docks.....	Drying rooms, naval training camp, Seattle..	10,000.00
Mar. 25	do.....	Material, Grant Park.....	10,000.00
Sept. 21	Naval training Camp, Seattle, Wash.	Additional allotment oil stoves.....	1,260.00
Sept. 24	do.....	Construction building, naval training camp..	18,000.00
Sept. 30	Thirteenth naval district.....	Maintenance naval training camp, Seattle....	30,000.00
Oct. 21	Puget Sound.....	Additional oil stoves.....	2,290.00
Oct. 21	Yards and docks.....	Cost of extras, contract Puget Sound Bridge & Dock Co.	570.85
Oct. 16	Third naval district.....	Rent, Kingsland Point training camp.....	800.00
	Total.....		145,220.85

Now, are you advised as to what extent those allotments have been used, and to what extent you desire, in view of altered conditions to use them?

Capt. BENNETT. Yes, sir. Everything that is down there has either been actually spent or has got to be spent, except possibly we could get a little refund on that item of \$800, because we have definitely abandoned that camp. The contract for that camp was made by the commandant of the third naval district, and we have not yet been able to find out how it reads—that is, whether it is a definite contract for the fiscal year, or whether we can give it up by giving them certain notice. We told him to salvage the buildings erected for that camp and to terminate the contract under such terms as the lease permitted.

SALVAGE.

The CHAIRMAN. What do you do with your money received from salvage? Does it go back into the Treasury as miscellaneous receipts?

Capt. BENNETT. There will not be any money received. We shall salvage the building material. There were only a few shacks put up there, and we shall tear them down with enlisted labor and take the lumber down to Pelham where it can be used over again. We can get more out of it that way than by selling the lumber at auction.

The CHAIRMAN. Irrespective of this instance, what is the law touching moneys received by you from salvage?

Capt. BENNETT. We cover into the Treasury moneys received from anything sold at auction.

The CHAIRMAN. As miscellaneous receipts?

Capt. BENNETT. I do not know the title of it, but it does not revert to the Navy's appropriation.

The CHAIRMAN. You are quite sure of that?

Capt. BENNETT. Yes, sir.

CONSTRUCTION OF A BUILDING AT SEATTLE, WASH.

The CHAIRMAN. I notice here one rather large item of \$18,000 for the construction of a building. Then, there is still another one under yards and docks, apparently, of \$54,800. That is at Seattle?

Capt. BENNETT. Yes, sir. Under ordinary circumstances those charges would have been paid out of a yards and docks appropriation, but this camp was started on a small scale as a naval militia training camp. It is almost entirely a tent camp, with a capacity of between three and four thousand men. We had to put up a few temporary buildings. As I said, under ordinary circumstances, if they had been put up almost anywhere else they would have been paid for from the yards and docks training camp appropriation, but all of the expenses, including the maintenance expenses, have been habitually paid out of the appropriation "Arming and equipping Naval Militia," and we simply allotted money to yards and docks to build those buildings. It was for the purpose of simplifying the bookkeeping more than anything else. We probably got them much cheaper, because much of the work was done by enlisted labor.

The CHAIRMAN. The point I am inquiring about now is whether you propose going ahead with the buildings, or whether it is desirable to go ahead with them.

Capt. BENNETT. That money was allotted on the 1st of July, and that building is unquestionably completed and in use.

The CHAIRMAN. How about the other large building item of \$18,000?

Capt. BENNETT. That was allotted in September. I can not say positively whether the buildings are completed.

The CHAIRMAN. I wish you would put into the record a statement showing to what extent this allotment of \$145,220.85 represents actual expenditures.

Capt. BENNETT. I am of the opinion from the dates on which the allotments were made, that these buildings have actually been built.

The CHAIRMAN. You can probably ascertain the facts within the next day or two, and you can insert in the record a statement covering it.

Capt. BENNETT. I will do so.

Inquiry elicits the specific information that the allotment for \$54,800 for various temporary buildings and for fire protection, etc., made on July 6, and the allotment for \$18,000 for four latrine buildings, made on September 24, have been obligated. The work on both projects is completed, but the exact amount of the expenditures is not yet available, due to the fact that properly itemized bills have not yet been submitted.

The allotment of \$10,000 for drying rooms, made on November 1 has not been obligated. No work has been started under this allotment, and the Bureau of Navigation has requested the Bureau of Yards and Docks not to proceed with this project.

The several allotments for oil stoves have been expended. The stoves have been bought and are in use.

The maintenance allotments have been expended, and the commanding officer has requested a further allotment be made available beginning January 1, 1919, and the bureau has necessarily allowed the further sum of \$30,000 for this purpose. This will probably have to be supplemented by a still further allotment if the camp does not go out of commission before May 1, which now seems unlikely owing to the need of the camp for demobilization purposes and for the training of crews of vessels under construction on the west coast.

Inquiry relative to the \$10,000 maintenance allotment for the Grant Park Camp elicits specific information that, of a total of \$13,500 allotted this camp during the

current fiscal year, actual charges amounting to \$10,424.49 have been made, and additional estimated obligations are outstanding, consisting of a number of requisitions, amounting to \$996.15, giving an actual available balance of \$2,079.36. This will surely not be more than enough to maintain this camp for the balance of the fiscal year, as this camp includes the stationary steamship *Commodore*, which must be kept in commission for district demobilization purposes.

The CHAIRMAN. If there are any instances in which the work has not been started, or is only slightly under way, state the reason why you desire to complete the work, if you do desire to complete it, and if you do not desire to complete it, let your statement show what balance can be taken out of this fund.

Capt. BENNETT. I will do so.

The CHAIRMAN. That would leave you, of this fund, a balance still unobligated—

Capt. BENNETT (interposing). Of \$290,606.90 according to our figures.

The CHAIRMAN. Do you want to return that to the Treasury, or do you expect to spend it; and if so, for what?

Capt. BENNETT. For this particular camp at Seattle we are paying all the maintenance charges out of this same appropriation, including fuel, and everything which would ordinarily be paid, and is paid at every other camp I have anything to do with, out of yards and docks appropriation. We started this as a little affair with two or three hundred men, and we kept on paying for it out of our funds in order to simplify the bookkeeping.

The CHAIRMAN. How did you get by the Comptroller?

Capt. BENNETT. It is perfectly legal. It simply is not customary.

MAINTENANCE.

The CHAIRMAN. I notice that you have \$30,000 allotted for maintenance.

Capt. BENNETT. Yes, sir; that was in September. That was to cover maintenance expenses to January 1, 1919.

The CHAIRMAN. Do you expect to maintain that camp at its present strength through the fiscal year?

Capt. BENNETT. I am advised that it will be necessary to do so as a demobilization center.

The CHAIRMAN. Suppose you place in the record a statement of how much money you need for the maintenance of that camp, having in mind what has already been allotted. Then the balance of your appropriation will probably be available to be covered into the Treasury. You are not going to want \$30,000 for maintenance, of course.

Mr. JOHNSON. Last year the maintenance was about \$4,500 per month. That, however, did not cover replacement of equipment. The replacement of equipment would make it about seven or eight thousand dollars per month.

Under date of December 12 the commanding officer of the Seattle camp made a request for an allotment of \$45,000 under this appropriation for ordinary maintenance expenses for the balance of the fiscal year. He based his request on the assertion that "allotments aggregating \$45,000 for the ordinary camp maintenance were secured for the first half of the fiscal year ending January 1, and by January 1 this sum will have been used."

As this camp will have to be kept in operation at practically full capacity for a considerable length of time, both for demobilization purposes and for providing men

for new ships constructed on the West Coast, it will be necessary to allot a goodly portion of the sum requested—certainly not less than \$30,000. About all that can be done to reduce expenses will be to point out to the commandant that owing to the change in the international situation it is no longer necessary to plan to keep this camp going indefinitely, and consequently purchases under this allotment must be restricted to indispensable articles, and in making purchases the fact must be constantly kept in view that this camp may go out of commission on comparatively short notice. However, as things look now, I do not see how this camp can be reduced in size during the remainder of the fiscal year. If this be the case, it will surely cost more than \$30,000 to maintain it between January 1 and July 1.

SCHOOLS OR CAMPS OF INSTRUCTION FOR RECRUITS AND NAVAL RESERVE FORCE.

The CHAIRMAN. You have a fund for schools or camps of instruction for recruits and naval reserve force. The total appropriation that has been made amounts to \$5,340,720, of which \$1,744,975.25 has been expended as of November 1, leaving a balance as of that date of \$3,595,744.75, with unpaid obligations outstanding of \$383,311.33, leaving an unobligated balance of \$3,212,433.42.

Capt. BENNETT. There again we have allotments outstanding amounting to \$563,090.52, making an actual unobligated balance of \$2,649,342.90 as of November 1.

The CHAIRMAN. What has your cost for maintenance been per month in this fiscal year?

Capt. BENNETT. From July 1 to November 1, 1918, we have obligated, including allotments granted and bills paid, \$1,369,994.01. That is for four months.

The CHAIRMAN. Of course all of it has not been paid.

Capt. BENNETT. No, sir; but we have, also, many allotments under this, and I do not see how we can save anything on them except a very small sum, or about \$2,000.

The CHAIRMAN. That is not what I had in mind. Perhaps you can not save any of this, but you must not charge all of that to four months in order to get a monthly average. Some of these allotments were to go to make payments in subsequent months.

Capt. BENNETT. Yes, sir.

The CHAIRMAN. What I want to get at is what you estimate, based on your past experience, your eight months' maintenance is going to be.

Capt. BENNETT. It is going to be an extremely difficult matter to estimate that with any degree of accuracy, because we have got to move so many schools and reestablish them. Take, for example, the Navy Radio School at Harvard University, which we probably will move to Great Lakes. We have got to take one of the large drill halls and adapt it to the use of a radio school and instruction building. I have no idea how much money that will cost.

The CHAIRMAN. Will that come out of this fund, or out of the yards and docks appropriation?

Capt. BENNETT. Yards and docks would not pay for it. They have not the money. The work could be done largely by enlisted labor if we can get to it before our men are gone. It might cost \$50,000 or \$75,000. We are in the same position with regard to a large number of schools that are either at manufacturing establishments, at educational institutions, or at those training camps that we have got to give up sooner or later, and we propose to be forehanded and move those schools to places where they can stay indefinitely.

The CHAIRMAN. I wish you would put into the record at this point a list of the schools you are now maintaining, setting forth your proposed plan for discontinuing some of them and enlarging others.

Capt. BENNETT. I will do so. May I read this statement which I have prepared in regard to the two appropriations which, under the law, are interchangeable?

The CHAIRMAN. Certainly.

Capt. BENNETT (reading):

"SCHOOLS OR CAMPS OF INSTRUCTION, 1919"—"ARMING AND EQUIPPING NAVAL MILITIA, 1919."

TRAINING CAMPS.

1. All training camps will be required as demobilization centers during the remainder of the fiscal year. A bad fire or quarantine would be so serious that some accommodations should be maintained above the minimum estimated requirements.

2. There are numerous special schools at these camps, some of which will be suspended before June 30, 1918. Others must be maintained at these camps until state of demobilization permits their removal to naval training stations.

3. The majority of the camps should be retained for the training of the inactive Reserve Force, which should not be allowed to go to pieces for want of organization and training. Most of the camps can be had for the cost of maintenance. It is the cheapest possible form of naval preparedness.

4. The camps which it is proposed to retain, at least until demobilization is completed, and from which certain ones should be selected as soon as the policy relative to training of the inactive reserve force is determined for indefinite retention for training that force are:

Bumpkin Island, Boston: Land and one large hospital building on nominal lease; barracks built by Navy.

Camp Hingham: Government property.

Detention training camp, Deer Island, Boston: Leased from city of Boston.

Cloyne Field Barracks: Land leased for amount of taxes (about \$400); barracks built by Navy, part used as annex to naval hospital, Newport.

Pellham Bay Barracks, N. Y.: Free lease; barracks built by Navy.

City Park Barracks, N. Y.: Free lease; barracks built by Navy.

Bay Ridge Barracks, N. Y.: Free lease; barracks built by Navy.

Brooklyn Armory: Free lease; barracks built by Navy.

Ellis Island: Government property.

Navy yard barracks, Philadelphia: Government property; will eventually give way to industrial needs of yard.

Wissahickon Barracks, Cape May: Land on nominal lease; barracks built by Navy; land should be purchased; can be had for about \$75,000.

St. Helena Barracks, Norfolk: Government property; will eventually give way to industrial needs of yard.

Navy yard barracks, Charleston: Part on yard land; part on land on nominal lease; barracks built by Navy.

Key West Camp: On land and in buildings leased for payment of wages of one watchman employed by owner (about \$1,000); some buildings built by Navy.

Navy yard barracks, New Orleans: Government property.

West End Park, New Orleans: Nominal lease; barracks built by Navy.

Gulfport, Miss.: Barracks built by Navy; land and some buildings leased at about \$15,000.

U. S. S. *Commodore*, Chicago: Government property.

Naval Training Camp, Detroit: Nominal lease; barracks built by Navy.

Navy yard barracks, Mare Island: Government property.

Balboa Park Camp, San Diego: Nominal lease.

Naval Training Camp, San Pedro: Nominal lease; a few buildings built by Navy.

Navy yard barracks, Puget Sound: Government property.

Naval Training Camp, Seattle: Nominal lease; some buildings built by Navy.

5. Special schools located in training stations, camps, manufacturing plants, and educational institutions. Nearly all of the schools located at manufacturing plants will be removed to Government property before June 30; most of those at educational institutions will be, and some of those at training camps can be if the process of demobilization has in the meantime made space available for them.

6. The output of most of these schools will be reduced, but in every case the length of the course must be greatly increased, as during the war we could recruit skilled craftsmen and they needed only postgraduate training. Now we must train unskilled men who will require much longer courses of training.

7. Most of the skilled men came in the reserve force. We must train large numbers of regulars to replace them in the enlarged regular Navy. For this reason, and the one stated in paragraph 6, some of the schools must actually have increased initial capacity.

8. There is much equipment owned by manufacturing plants and educational institutions which has been used by our men. When these schools are removed to Government property, equivalent equipment must be brought if the schools are to continue. Some existing buildings will require alterations to adapt them to school requirements. Experience in this war has taught the need for a number of kinds of schools which were not before maintained, and for the need of developing experts in many specialties in lieu of giving a craftsman general knowledge of numerous specialties.

9. For the above reasons it is not thought that the existing appropriations can be safely reduced. By the end of 1920 we should have caught up with the demand to such an extent as to permit reducing capacity and operating expenses of schools.

10. Special schools now on private property which must be retained during the remainder of the fiscal year are:

Cooking School, Commonwealth Pier, Boston: Pier rented by operations as receiving ship.

United States Navy Radio School, Harvard University: Rent of buildings, \$46,220 per annum; additional barracks built by Navy; capacity of school, 5,500 men.

Fuel Oil School, Fore River: Government plant on loaned land. S. B. Co. buys part of steam generated.

Municipal pier, New London: Listener's School, Hydrophone School, Radio Telephone School, Lookout School; pier rented by operations as district base; schools occupy but small part.

New York Cooking School: Trains cooks for N. O. T. S.

United States Navy Steam Engineering School, Hoboken: Trains engineers for N. O. T. S. Navy. Navy barracks on land loaned by Stevens Institute.

Turbine Engineering School, Carnegie Institute: Equipment loaned by U. S. S. Board and Carnegie; no rental charged.

Submarine School, San Pedro: On Municipal Pier, free lease; some buildings built by Navy; essential to retain until new base is built and school removed.

11. Other special schools developed during the war on private property which it is purposed to remove to Government property during the fiscal year, but to continue in operation, are:

United States Navy Gas Engine School: Columbia University.

Communication Officers School: At District Communication Office, New York City.

Aviation Camera School: Rochester, N. Y.

Aviation Carpenters Mates School: Keyport, N. J.

Liberty Engine School: Detroit, Mich.

Carpenters Mates (A) School: Buffalo, N. Y.

Metal Workers (A) School: Buffalo, N. Y.

12. Special schools on Government property developed during the war which must continue in operation, or prewar schools which must be maintained at capacity markedly greater than before the war are:

Torpedo Gunners Mates School: Torpedo Station, Newport.

Torpedo Officers School: Torpedo Station, Newport.

Submarine School: Submarine Base.

Gyro Compass School: Submarine Base.

Deck School for Officers for N. O. T. S.: At Pelham Bay Barracks.

Cargo Winchman's School: At Pelham Bay Barracks.

Balloon Winchman's School: At Pelham Bay Barracks.

Radio Compass School: At Pelham Bay Barracks.

Aviation Carpenters Mates School (advanced): Navy Yard, Philadelphia.

Fuel Oil School: Navy Yard, Philadelphia.

Cooking School: Naval Home, Philadelphia.

Optical Instrument Repair School: Navy Yard, Washington.

Seaman Gunners School: Navy Yard, Washington.

Machinists Mates School: Navy Yard, Charleston, S. C.

Enginemen's School: Navy Yard, Charleston, S. C.

Carpenters Mates (A) School: Naval Air Station, Pensacola, Fla.

Quartermasters (A) School: Naval Air Station, Pensacola, Fla.
 Quartermasters (D) School: Naval Air Station, Pensacola, Fla.
 Carpenters Mates (A) School: Naval Air Station, Pensacola, Fla.
 Instrument Repair (A) School: Naval Air Station, Pensacola, Fla.
 Electrical School (B) and (R): Navy Yard, Mare Island.
 Fuel Oil School: Navy Yard, Mare Island.
 Quartermasters (A) School: Naval Air Station, San Diego.
 Carpenters Mates (A) School: Naval Air Station, San Diego.
 Torpedo Gunners Mates School, Keyport, Wash.

NOTE.—These two lists do *not* include schools now at the four regular naval training stations, which are financed from naval training stations appropriations.

NATURE OF LEASES.

The CHAIRMAN. In a number of the instances you have been reading you speak of nominal leases.

Capt. BENNETT. Yes, sir.

The CHAIRMAN. Is there any time limit on those leases?

Capt. BENNETT. There is in some cases. Most of the leases, I think, were made for the period of the war and for six months thereafter, but there are instances where I feel certain that we can remain for quite some time longer if we choose to do so. Pelham Bay Barracks in New York City, which is a lease where, if we pay anything, we pay \$1, I was assured the other day by the commanding officer that the city would allow us to remain there as long as we need to do so.

The CHAIRMAN. Are there any instances in which you contemplate either having to move or to pay large increased rentals during this fiscal year?

Capt. BENNETT. No, sir. I think that we are covered by actual contracts, and in most cases have confirmed them by the payment of \$1 for the period of the war, and in many cases for six months thereafter. That surely will take us beyond this fiscal year. You will notice that the only camp where we are paying any considerable sum for rental is at Gulfport, Miss., where we are paying four or five per cent on the investment. That land belongs to the Mississippi Centennial Commission and was leased for a considerable amount.

The CHAIRMAN. How long is the lease?

Capt. BENNETT. That lease was effected by the Bureau of Yards and Docks, I think, and I do not recall the terms of it.

The CHAIRMAN. Do you know whether it is binding for its full length or is optional with the Government?

Capt. BENNETT. That lease was made by the Bureau of Yards and Docks.

The CHAIRMAN. Please put into the record a brief statement just as to the character of the lease and the amount that is involved in it.

Capt. BENNETT. Yes, sir.

The following statement is the expression of the member of the executive committee called in session the 5th day of May A. D. 1917, to consider a proposal offering the Federal Government the grounds and buildings of the Mississippi Centennial Exposition for naval training station, it being understood that all agreements and final contract is subject to the decision of the Mississippi Centennial Exposition Commission:

I. The period of the lease herein contemplated is for the period of the war with an allowance of a reasonable time thereafter for the removal from the grounds.

II. The consideration shall be on a basis of an annual rental of four per cent (4%) on a \$350,000 investment, said payments to be made annually and credits taken as further set out.

III. It is agreed that such additional building as may be necessary, where practicable, will be built on plans furnished by the board of architects of the Mississippi

Centennial Exposition, and at the close of the lease period the Mississippi Centennial Exposition Commission will reimburse the Government for said buildings in an amount that may equal the sum of the annual rentals.

IV. The Federal Government will be expected to complete the gravel or shell roads indicated on the accompanying map to the amount of approximately 9,000 square yards, and the engineering and landscape forces of the exposition are placed at the disposal of the Government in the carrying out of any work of this nature.

V. The Federal Government will do the additional work necessary to the smoothing and rolling of the drill ground, but the exposition will agree to furnish at no cost 800 cubic yards of clay; such additional amount of clay as may be required may be furnished by the landscape division of the exposition at a cost of \$1.25.

VI. The Federal Government will be expected to complete the sewerage disposal plans of the exposition and to be reimbursed for the same to an amount not exceeding \$2,500, this being the estimated cost of the sewerage system now contemplated for the accommodation of 10,000 visitors. The Exposition Commission will furnish water works system, storm drainage system, and fire protection system which comprises properly placed hydrants with necessary hose, but no engines or trucks. The fire protection system on the exposition grounds is connected with the system of the city of Gulfport and the fire department of the city is available fire protection to this property. In addition to the water supply on the grounds the high pressure water works of Gulfport is available in the event of fire.

VII. The Federal Government will be expected to put in at its own expense the additional temporary comfort station equipment that may be necessary.

VIII. The Mississippi Centennial Exposition Commission reserves the right to set aside certain parcels of land for landscape work as indicated on the accompanying plans.

IX. The Government would be expected to surrender the buildings at the close of the lease in a state of repair and to replace any changes that they may deem necessary to be made during the lease.

X. The Federal Government will be expected to erect such pier at a place indicated on the plans accompanying and to the extent that they may deem necessary, it being agreed that the Mississippi Centennial Exposition Commission will reimburse the Government to the extent of \$3,000, but in the event it may be necessary to build bulkheads or basin for the protection of small boats the Exposition Commission will not be expected to bear any part of the expense thereof.

The CHAIRMAN. Evidently you contemplate during this fiscal year practically the maintenance of all of these various schools?

Capt. BENNETT. Yes; the maintenance of them, either where they are now or where they will be after removal to a regular training station. And the removal, of course, is going to cost money, because it will necessarily involve remodeling of buildings and the purchase of some additional equipment. That is why we need to retain the balance of the \$290,000 under the Naval Militia appropriation to piece out this appropriation so that we can surely get these schools all reorganized and running on a peace-time basis; but a definite estimate of the expense is almost impossible—it is impossible, and I want enough to be on the safe side.

The CHAIRMAN. You will have something approximating \$3,500,000?

Capt. BENNETT. No, sir. The unobligated balance as of November 1 remaining out of this appropriation is \$2,649,342.90; adding the \$290,606.90 available under the Naval Militia appropriation, gives us a total balance on November 1 of \$2,939,949.80. I am not sure that we are going to get by even with that amount.

The CHAIRMAN. A good deal depends on what extent the allotments have gone in the way of expenditure?

Capt. BENNETT. There are not a great many maintenance allotments in this list.

The CHAIRMAN. What are you asking for in this connection for the next fiscal year?

Capt. BENNETT. The same amount; the same appropriation.

The CHAIRMAN. How much?

Capt. BENNETT. Two million, six hundred and some odd thousand dollars.

OUTFITS FOR FIRST ENLISTMENT.

The CHAIRMAN. The table submitted to the committee shows that for outfits for first enlistment there was appropriated \$36,138,920?

Commander WINSHIP. That is correct, sir.

The CHAIRMAN. That evidently is made up of the appropriations for the fiscal years 1918 and 1919?

Commander WINSHIP. Yes, sir.

The CHAIRMAN. Touching 1918, from what has been said informally, I understand there was a deficiency?

Commander WINSHIP. A deficiency of \$6,188,870.23.

The CHAIRMAN. That was an actual deficiency?

Commander WINSHIP. Yes, sir; an actual deficiency, which may be increased by additional returns.

The CHAIRMAN. You are not asking for any such sum?

Commander WINSHIP. That would have to be appropriated because it could not be carried into this year. It is a deficiency.

The CHAIRMAN. This table would indicate a deficiency of \$829,919.58?

Commander WINSHIP. That is not my figure.

The CHAIRMAN. There is no question of that amount, \$6,188,870.23, being an ascertained deficiency for 1918?

Commander WINSHIP. No, sir.

The CHAIRMAN. Eliminating then, for the present, the 1918 appropriation, what moneys were appropriated for 1919; what has been expended, and the balances?

Commander WINSHIP. The amount originally appropriated for the fiscal year 1919 was \$9,975,000. Then, we asked for a deficiency appropriation of \$15,000,000. That was when I was before you, and was based on the war continuing as it was, but since then the armistice was signed and conditions have changed. The amount obligated to October 1 was \$10,504,560. Of course, it is a contingent appropriation and at that time a part of this was expended on the basis of \$60 a man, which was afterwards raised to \$100 a man. We spent up to the 1st of October \$10,504,000. Then we went under the draft and approximately 14,000 men were admitted to the Navy through the operation of the selective-service law, making an additional obligation of \$1,400,000. From date of resumption of recruiting—December 4—when we went back to the old method of volunteer recruiting, to the end of the fiscal year it is estimated that 70,000 new enlistments will be made, an estimated obligation of \$7,000,000. The total estimated obligation is \$18,904,560. The amount originally appropriated was \$9,975,000 for this year, plus the \$15,000,000, which brought the amount to \$24,975,000. We figure that we will get through the whole year on \$18,904,560, leaving a difference of \$6,070,440, which it is estimated can be eliminated from the deficiency appropriation.

The CHAIRMAN. How came it when you came here asking for the \$15,000,000 that you did not represent the deficiency that had been incurred in 1918?

Commander WINSHIP. I regarded that as a closed issue, and another thing, that there might be some claims to come in later on. At that time, earlier in the year, we knew that the deficiency would have to be taken care of in appropriations later on, but that you would not want to take care of it until such time as the returns were all in.

The CHAIRMAN. Was the deficiency only to take care of the fiscal year 1919, or was it made available for the past year?

Commander WINSHIP. You can not make it available.

The CHAIRMAN. We can make anything available.

Commander WINSHIP. We did not ask for the deficiency for that, but it would just about, if you should let the \$15,000,000 stand, cover the other \$6,000,000 and we would about break even for last year and this year.

Capt. LANING. I am informed by the chief clerk of the division that the appropriation was made for this year only and was not made retroactive for last year.

Commander WINSHIP. That did not come up until the beginning of the fiscal year and I assumed that the deficiency would be taken care of by a separate appropriation when it was time and when we had facts sufficient to have a definitely determined amount. If you will make that available for the preceding year, I think we can get through and clean up the two years with the \$24,975,000.

GUNNERY AND ENGINEERING EXERCISES.

The CHAIRMAN. Under gunnery and engineering exercises you have had \$850,000; you have spent as of November 1, \$527,765.89, with an unexpended balance of \$322,234.11, and estimated unpaid obligations of \$322,234.11, and apparently a clean slate for the year.

Capt. LEAHY. I think that is an error in accounting, sir. I think that the Bureau of Supplies and Accounts has charged against this year's appropriation a deficit which appeared in last year's appropriation, due to the fact that they continued to charge against gunnery exercises expenditures made after an allotment of \$200,000 from the national defense fund had been allotted for that purpose. I was not here last year. I was very much surprised to find yesterday that we had no money. I think it is due to an error in accounting.

This sheet is my summary of it made yesterday, sir. I find that the total amount expended from this year's appropriation is \$351,960.44 and the total appropriation, including the \$200,000 deficiency appropriation, is \$625,000. I estimate that the requirements for the remainder of the fiscal year are \$178,276.50, plus \$90,000, which leaves a margin of \$10,800 to carry us through the year. In making a statement in regard to the necessities for the year it is necessary to point out that much of this money is expended for prizes on board ship and at stations, and we do not know when it is expended, and we are unable to estimate with accuracy the amount that may be expended. It is dependent almost entirely upon the excellence of the performances in gunnery. This year up to date some \$60,000 has had to be expended for gunnery prizes and probably the expenditures for the last half of the year will be greater, and certainly equal to that. Also we are likely to receive information at any time that

money has already been expended which does not appear on this statement of mine, but not to any great amount.

The CHAIRMAN. I do not quite understand the situation. This statement shows an appropriation of \$625,000?

Capt. LEAHY. Yes, sir.

The CHAIRMAN. Including the \$200,000 which you spoke of as a deficiency, but which, I understand, was allotted out of the President's fund?

Capt. LEAHY. This year there was a deficiency appropriation, but last year \$200,000 was allotted out of the President's fund. I am told that money allowed from the President's fund was not used, but the expenditures which were made from the President's fund with the understanding that they would be charged to that fund were charged to the gunnery exercises appropriation.

The CHAIRMAN. Am I to understand there was a deficiency in 1918?

Capt. LEAHY. I so understand, sir. I did not know it until yesterday.

The CHAIRMAN. How much does it amount to?

Capt. LEAHY. \$200,000.

The CHAIRMAN. You have \$200,000 which was allotted from the President's fund?

Capt. LEAHY. \$200,000 was allotted by the President, but I am informed it was not used for that purpose.

The CHAIRMAN. What became of it?

Capt. LEAHY. I do not think that it was used at all.

The CHAIRMAN. You still have it?

Capt. LEAHY. I have not.

The CHAIRMAN. Has the Navy Department? How will you pay that deficiency?

Capt. LEAHY. I presume it will be paid out of the \$200,000 of the President's fund; but I was only informed verbally yesterday that such a deficiency existed, and I do not know that it does exist. The data which you have from Supplies and Accounts is all news to me. I am informed by the chief clerk of the Bureau of Navigation that the Accounting Division is now going to pay the \$200,000 from the national security and defense fund which was allotted last year. The apparent deficiency appears to be an error in charging.

The CHAIRMAN. For this year you have \$625,000?

Capt. LEAHY. Yes, sir.

The CHAIRMAN. I notice that you have \$92,000 of last year's expenditures to be charged against this year's appropriation.

Capt. LEAHY. Checking up yesterday I found that last year, at the end of the year, requisitions for about \$92,000 were prepared and were not paid until this fiscal year, and were therefore a proper charge against this year's appropriation.

CONSTRUCTION OF RANGES, SAN DIEGO, BREMERTON, AND KEY WEST.

The CHAIRMAN. According to your statement you have \$100,863.06 over, and that you propose, to the extent of \$90,000, to expend in the construction of ranges at San Diego, Bremerton, and Key West?

Capt. LEAHY. That is a project determined on months ago, and was included in the estimate for the deficiency appropriation. I am not

certain that those ranges will be built, but the necessity for them exists. The plan is made to construct them, provided the money is available and provided the department does not revoke its policy in regard thereto. No work is now being done there. No construction work is now being done on any rifle ranges that are under the direction of the Navy Department.

The CHAIRMAN. What is the particular reason for building these three ranges now?

Capt. LEAHY. The ranges have never been built and they have been using improvised ranges and ranges in other localities, and Key West, Bremerton, and San Diego are places where naval forces will be maintained.

The CHAIRMAN. Do you not think, in view of the fact that you have gotten along during the pressure of the war without these ranges, that for the balance of this fiscal year you can get along without them, and let the question of policy as to where you are going to have camps and have men stationed and the need for rifle ranges be determined later?

Capt. LEAHY. In reply to the first part of your question, we can get along without the ranges. We have gotten along without them thus far and therefore we can continue to do so. Stations are already in existence at these places, and there is no probability of their being abandoned, and therefore eventually ranges will be constructed at these three places.

The CHAIRMAN. Do you think this is a good time to be constructing ranges?

Capt. LANING. I think so, on the west coast.

Capt. LEAHY. At these three places I think it is an especially good time. At other places I think it is a different question.

Capt. LANING. On the west coast we have practically no facilities at all for training men in marksmanship, and for many years we have wanted ranges out there, but we have not been able to make arrangements to get them.

The CHAIRMAN. As I understand the situation, if these ranges are to be completed, you need practically the money you have got. If they are not to be built, your balance could be reduced by \$100,000 turned into the Treasury?

Capt. LEAHY. Yes, sir; that is the result of my summary of it.

RECREATION FOR ENLISTED MEN.

GENERAL STATEMENT.

The CHAIRMAN. Commander, you have had \$700,000 for recreation for enlisted men and you had spent, as of November 1, \$74,395.43, and had an unexpended balance of \$625,604.57, with estimated unpaid obligations of \$21,108.76, leaving a free balance of \$604,495.21.

Commander MAYO. Mr. Chairman, I would like to read a statement which covers that. It is not a very long one and sets forth the need of the work and why we should continue it.

The Navy needs men. Since the signing of the armistice, thousands who enlisted for the war wish to quit. Only a small percentage can be released. In the next few months thousands must be recruited. The Navy in time of peace has not been as popular with the young

men of the country as it should be. The life is abnormal and apart when compared with the normal life of a man. At the outbreak of the war, there were places where the uniform of a sailor was not regarded as a mark of honor. Rather otherwise. The girl seen on the street with a bluejacket was frowned upon. There were places where the uniform was not welcome.

This standard has been raised. It has been raised principally by the fine work of the enlisted man against the enemy and we want to keep it up to that same standard.

Now, the fighting seems to be over but the need for men continues in the Navy; more than ever it is necessary to keep the new standard up and to make the men who enter the service know that the ending of the fighting does not return the sailor to his old place. More than ever must everything be done to make the service attractive, especially in view of the high wages in civil life. To accomplish this, even more than the sum now available is required.

This is distinctly the work of the Commission on Training Camp Activities.

As rapidly as officers are available, they should take the place of civilians in the organization. The commission should be militarized as rapidly as possible, but its activities should continue. This is the present commission's own idea.

The total amount appropriated during the present emergency is \$700,000; \$150,000 was appropriated in 1917; \$100,000 of this was allotted direct to ships and stations by the Bureau of Navigation. \$50,000 was allotted to the commission for its work. It was insufficient to justify an extended program, but was largely supplemented by an auxiliary fund subscribed by patriotic citizens.

In May, 1918, the present vice chairman of the commission, at the request of the Secretary of the Navy and of the chairman, whose whole time was devoted to the War Department, came to Washington to direct the work of the Navy Department commission.

That is Mr. John J. Eagan, and I would like to say, sir, that Mr. Eagan, as well as all the members of the commission, has not received one cent from the Government in pay, and Mr. Eagan I know has received none for traveling expenses. I would like to say also that Mr. Eagan came here and put himself directly under the Bureau of Navigation, although he was not officially under the bureau; \$150,000 was appropriated to cover the work for the year July 1 to June 30, 1919. The Secretary of the Navy authorized the commission to spend the sum of \$12,500 per month.

A survey of the field disclosed that this amount would be insufficient to meet the requirements of the Navy and Marine Corps. The matter was placed before Congress with the request that an additional emergency appropriation of \$500,000 be given. This was cut by the Appropriations Committee to \$400,000, which was approved by the President November 3.

The comparatively recent date of this appropriation explains why there is so much remaining of the appropriation.

Immediately, at the request of the commission, Secretary Daniels sent a message to every ship and station directing that requisitions be sent to the Bureau of Navigation setting forth the need for recreation and athletic equipment.

Before any of the money could be apportioned—we knew they needed it—we wanted to see just exactly how it should go out, and the best way was to ask the different ships and stations, then to have the requests investigated by the commission's field directors, and then to scale the amount down to what we had available.

In the case of the naval stations and ships December 15 was made the final date for the receipt of requisitions from stations. Requisitions from ships and stations totaling \$516,818.62 have been received. For the commission to grant each of them and continue its work would require \$301,057.14, more than the amount now available.

The commission has therefore gone over the requisitions with naval and marine officers in order to do exact justice to each ship and station. Ships that are to go out of commission have been eliminated. Stations which are to be closed have been marked off. And the amounts requested have been scaled to meet the needs.

More in proportion has been allotted to men stationed in Guam, Pearl Harbor, Peking, Guantanamo, Coco Solo, Cayey, Cavite, San Juan, P. R., Santo Domingo, and such isolated places, where men feel that they have been forgotten by God and man, than to the men in more favored stations at home and abroad.

The result is being shown in such letters as was recently received from Maj. McKelvy, of the Marine Corps, at Santiago, Dominican Republic, who informs us that the morale and efficiency of his men have been increased 100 per cent by the work of the commission.

The work at this time is more important than ever. While the need for men in the Navy continues, the signing of the armistice has created a condition where thousands who gladly enlisted for the war now wish to leave and return to civil life. The Navy would be unable to continue its work if the department should release more than a small percentage of those who are asking release. Recruiting must go on. It is planned to recruit more than 120,000 in the next few months. The morale of those retained on ship and station must be kept up; the life must be made attractive to bring others; and the new recruit in time of peace needs this work even more than those who came when the stimulus of the actual fighting was on.

Now I have here some exhibits which will show you the way this money has been allotted.

DISBURSEMENTS.

The CHAIRMAN. Suppose you tell us, briefly.

Commander MAYO. The first exhibit shows the actual disbursements. The general administration, which is overhead, amounts to \$15,000; secretary to the commission for eight months, \$1,200; field secretary for eight months, \$1,200; entertainment director, \$1,200; disbursing agent for eight months, \$1,200, and then stenographers and office people. District directors, that is not directly overhead because they go around to different places, and they have done very fine work, especially in the West Indies. We have had some very fine letters from down there, and officers have come up here and told us what those people were doing. That amounts to \$14,000. As to athletic directors, it is proposed to continue 18 of the 35 athletic directors. They are really not directors; they are coaches and work in the stations. Athletic equipment and supplies, \$50,000. As to

the song leaders, 28 song leaders have been cut to 18, and they are out leading in the singing, going ahead like they always have done. At the previous hearing there were some letters read here from the fleet about their work. For social hygiene, \$45,000. The largest items in that are lectures, exhibit material, and motion-picture films. The pay is only for stenographic work.

For law enforcement, one representative, at \$1,200, for eight months, \$800; six law-enforcement representatives, at \$1,800, \$7,200 for eight months. As to the film service for the fleet, heretofore the moving pictures in the fleet have been very unsatisfactory, because each ship bought its own films independently, took them off, and had no way of exchanging and getting them back, and we got a very poor class of show and films in very poor material condition. It was continually tearing, and we had fires on board ship from them. We generally had an accident two or three times a week from burnt films. Every one looks forward to the movies aboard ship. For film service for the fleet, \$56,627. That is a very small amount compared to the total cost, but enables the ships to get the proper film, and that means that the canteens aboard ship and the entertainment funds aboard ship will have to pay a certain amount for each show; but this enables them to get the proper films for the show. Entertainment for the fleet, \$7,850; entertainment for the naval station, \$12,500; recreation articles for the naval overseas transport ships, \$46,000. They have nothing. They had no canteens, and now the people are there, and we think they are going to be on there for some time. Whatever the Navy wishes about it, we have got to run the ships. certainly until after the first of the year. They had nothing to begin with, whereas the other ships did have certain things. The requisitions approved for the Marine Corps amount to \$40,000, in round numbers, and for the naval stations \$91,000, and for the ships \$227,000. Here is a list of the stations, showing their requisitions and showing what they have been scaled down to.

FUND OF THE SEVEN ALLIED CHARITIES.

The CHAIRMAN. How much money are you going to get out of the \$200,000,000 or more which has been given for the seven allied charities?

Commander MAYO. I was in New York last week just for that purpose. I saw the Y. M. C. A., and the Y. M. C. A. do not wish to spend any money unless they have their representatives there to see to the expenditure of that money—that is, aboard ship they do not propose to spend much money. They spend it in the stations abroad and at home, and they are just starting in.

The CHAIRMAN. Did they give any reason why they should not spend any money aboard ship?

Commander MAYO. That they have always made it a policy that they would not spend money unless it was immediately under their direction. That is the reason they give. Do you wish me to explain the general policy as to assigning money to the ships?

The CHAIRMAN. What I want to ask you is whether you contemplate, under the changed conditions, spending all this money?

Commander MAYO. Yes, sir. The conditions have changed very little for the Navy. If anything they have changed for the worse

in so far as keeping up the morale of the people is concerned. We are letting go a lot of people, but we are getting in a tremendous number, and we have practically the same number of training camps and stations to keep up for the remainder of the year. These people have asked for a great deal more, and the whole thing totals up over \$900,000, which is more than we have got.

The CHAIRMAN. How much money are the Y. M. C. A. and these other organizations going to spend at the camps?

Commander MAYO. Well, I do not know, sir. We are keener about the ships than anything else. The Y. M. C. A. have consulted with the commandants of the different stations.

The CHAIRMAN. Did you acquiesce in the Y. M. C. A.'s determination to spend nothing afloat, or did you suggest to them that they ought to reconsider that determination?

Commander MAYO. That is what I was in New York for last week, to try to get it out of them, and I tried to get athletic equipment to put on the ships.

The CHAIRMAN. They did not have to have a man aboard ship in order to give you some athletic equipment?

Commander MAYO. No, sir. We did not get anything out of them except we have some hopes about moving pictures. What the commission is trying to do is something that the naval officers have wished for for a long time, and that is to build up the ordinary seaman and fireman about the deck. These ships have crack baseball teams, which are supported almost wholly from the canteen fund, but the fellow about the deck, who really needs the development and needs the recreation, not being an athlete, is the fellow who does not get it, and he is the man we are trying to reach.

For instance, destroyers of 128 men complement are allotted half as much as a battleship with ten times as many men, because the destroyer has no canteen and the destroyer life is much harder and they have not the facilities generally for comfort or the amusements that are to be had on the battleships or the large ships. This is our general plan for pending the money, sir. We could have gone out and bought a lot of these articles and had this money spent soon after November 3. We sent these requests out before November 3 asking for requisitions from ships and stations as soon as we thought the appropriation was going through. It is the first time we have had any large amount. If we had spent the money without adequate information it would not have been economical, and therefore we determined to find out from the ships and from the stations what they needed, consult with a lot of athletic officers and the people from the fleet and the stations before we determined what the type allowance for a ship should be and that is the reason the money has not been spent.

ATHLETIC EQUIPMENT.

The CHAIRMAN. How much money are you expecting to spend for athletic equipment?

Commander MAYO. For the ships, \$227,852.09.

The CHAIRMAN. For how many ships?

Commander MAYO. Four hundred and fourteen.

The CHAIRMAN. That is an average of how much?

Commander MAYO. Our equipment for a destroyer costs about \$372, which is not figuring in football gear because the season is too advanced for that. A battleship would receive twice that amount, or about \$744. A gunboat going to the West Indies, say, with 220 men on board, would receive twice the amount of a destroyer; that is, a West Indian gunboat would get as much as a battleship because those fellows need it down there more than the battleship, and the battleship has its canteen.

The CHAIRMAN. The need of recreation may increase but the ability to use athletic equipment can not increase on the ratio you indicate.

Commander MAYO. Yes. Two hundred and twenty men can very easily keep in constant use two of our type outfits. Of course, it would be ideal if you could give 10 outfits to a battleships, but you have not got the money. Every man aboard ship wants to be an athlete and he wants to play football or basket ball.

The CHAIRMAN. What do you furnish them? What constitutes these athletic outfits?

Mr. EAGAN. It consists of boxing gloves, baseballs, masks, bats, bases, catchers' mits.

Commander MAYO. It provides a destroyer for baseball with two masks, two breast protectors, two catcher's mits, first baseman's mits, and about 12 fielders' gloves and baseballs and bats, so that the engineers and the deck people, for instance, can each have a team and go out and play each other. I was in destroyer service for a long time, and we never could get enough outfit, to get up two teams and go out. We would scratch around and dig down and get some money out of our own pockets. If we wanted to have a good baseball team we had to pay for it ourselves.

Mr. MONDELL. What part of the equipment is useful on board ship? You were speaking of your baseball outfits, which are useful when you get ashore.

Commander MAYO. The baseball outfits are useful on the big ships. They throw the balls around the deck, so far as that goes.

Mr. MONDELL. But I am speaking more particularly of the small ships.

Commander MAYO. There is the medicine ball and the basket ball. the basket ball being used also for water polo over the side. Of course, you can not do much in the way of athletics of any kind at sea except medicine ball, but we put in basket balls because we can use them not only as basket balls but for water polo. We also use boxing gloves, and there is a punching bag on each ship, with extra bladders.

INSTRUMENTS AND SUPPLIES, ETC.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. There has been appropriated for instruments and supplies, \$9,663,240, and there had been spent, as of November 1. \$2,669,286.03, leaving an unexpended balance of \$6,993,953.95, with unpaid obligations estimated at \$692,668.87, and a free balance of \$6,301,235.08. It is estimated that \$2,000,000 of it will not be needed and can be covered into the Treasury.

Capt. LANING. We have made another estimate on that, and believe we can save \$4,000,000 on that appropriation. This appropriation is peculiar. It not only deals with material but it deals with other things, too. For instance, we have to get supplies for what are known as seamen's quarters—that is, quarters at certain yards—for instance, at Washington and Newport, R. I. They are not receiving ships or training stations, but merely barracks on shore. Then we also have to pay from this appropriation pilotage and towage of ships of war, canal tolls, and things of that kind. We figure that for the balance of the year, for supplies for seamen's quarters, we will need \$50,000, and that is based on what it has been costing us in the past, and we anticipate we will have just as many men in those seamen's quarters as heretofore. For pilotage and towage of ships of war, canal tolls, wharfage, dock and port charges, etc., we will require \$430,000; for correcting, repairing, and testing compasses, etc., \$639,000; for nautical and astronomical instruments and repairs, \$230,000. If you want the details as to the last two items I have mentioned, Commander Doddridge, of the Naval Observatory, is here, and he can give them to you.

Judging from our past experience we will need for libraries and professional books and schoolbooks, \$400,000; for photographs and photographic materials, \$50,000; for printing outfits and materials, \$140,000, and for the maintenance of classes and schools, \$360,000; making a total necessary for the rest of the year of \$2,299,000, which, taken from \$6,301,285.08, leaves something over \$4,000,000 that we can do without. As to the item for libraries and professional books and schoolbooks, I may say that when a ship is put in commission we put a library on board for the use of the enlisted men and the officers. We do not put a large library on a ship, but a small one, and that expense has always been paid for out of this appropriation.

The CHAIRMAN. At present the Library Association will give you all the books you want, will it not?

Capt. LANING. No, sir; I do not know that they give us any.

The CHAIRMAN. Why should you not get books from them? A part of the money collected during the recent drive was for the express purpose of furnishing books to the enlisted men of the two services.

Capt. LANING. I have no doubt that they may send us books, but we do not take them up on our books and we do not handle them. They may send them to individual ships, but a ship's library consists of technical books, which are quite expensive—books on seamanship, engineering, and things of that kind. They are supplied in order to enable the men and officers to study for higher work.

Mr. MONDELL. How does this sum of \$400,000 compare with your former expenditures before the war?

Capt. LANING. I have the expenditure for the fiscal year 1918 and the total expenditure for libraries was \$350,000 and for school books \$100,000, making a total of \$450,000 for that year. During the present year, of course, we will have a great many more ships go into commission than we ever had before and they will take up most of our books. Then, of course, we have to replace the books, as the books become old, and the more we have out, the more it takes to maintain the libraries up to a fair standard. When a technical book wears out, we replace it in kind, but when a novel wears out we do

not necessarily replace it with the same book but with a new one. As the Navy expands, it takes more money all the time for that particular feature.

Mr. MONDELL. How many ships would you provide for with this \$400,000?

Capt. LANING. I can not tell you the total number of ships to which we send those libraries, but I should say, roughly, that now we are maintaining libraries on probably 1,500 ships, in addition to the libraires that we maintain at the various camps and shore stations.

Mr. MONDELL. Under the item of correcting, repairing and testing compasses, you estimate for the balance of the fiscal year—that is, seven months.

Capt. LANING. Yes, sir.

Mr. MONDELL. The sum estimated is \$639,000. How does that compare with your expenditures heretofore for the same purposes?

Commander DODDRIDGE. That is about three times as much, that is, before the war. I have not the exact figures, but that is about it. The big increase in the expense is due to the gyro compass that has been installed all through the service in the last two years and the upkeep. That is the main increase in that estimate.

Mr. MONDELL. It is much more expensive to keep in repair than the compasses you formerly used.

Commander DODDRIDGE. Very much more expensive.

Capt. LANING. A gyro compass is a very complicated piece of mechanism. The old compass was nothing but a magnetic compass and it cost nothing to keep it up unless it was broken, whereas a gyro compass is a machine and it works all the time.

Commander DODDRIDGE. The initial installation on a battleship costs about \$16,000 and the upkeep runs from about \$1,500 to \$2,500 a year, depending on the repairs.

Mr. MONDELL. I assume those better compasses are essential?

Commander DODDRIDGE. Absolutely for battle conditions. The old magnetic compass became useless as soon as the guns were fired.

Capt. LANING. These gyro compasses are an essential part of the fire-control system in the operation of the guns on board ship, under the new methods of gun fire.

PRINTING OUTFITS AND MATERIALS.

Mr. MONDELL. You have an item of \$140,000 for printing outfits and materials. What class of outfits are covered by that item?

Capt. LANING. On each of our ships, or on all of the larger ones, it is necessary to have a printing outfit; they have so many orders and things to get out that they work the printing press all the time. We must maintain them and supply them with type and supply them with paper. This estimate covers everything in connection with their printing. We run a good many printing offices in the Navy; each training station has one, and a pretty big one, and all the large ships have such an outfit.

Mr. MONDELL. And you find them necessary and useful?

Capt. LANING. Oh, yes, sir. They are getting out orders continually, and, as a matter of fact, the printing office aboard ship is one of the busiest places we have. They generally have to work night and day to keep up with their work.

MAINTENANCE OF CLASSES AND SCHOOLS.

Mr. MONDELL. Under the head of maintenance of classes and schools, you have an item of \$350,000. How does that compare with your expenditures heretofore for that sort of thing?

Capt. BENNETT. I have to do with that, and that amount is considerably less than the allotment we have been making out of that particular appropriation for the maintenance of certain classes. The classes that are maintained out of this particular allotment are those that were run in time of peace and those in time of war, before we had the schools or camps of instruction appropriation—such classes as the seaman gunner's class at Washington, and the torpedo gunner's mate class at Newport. While we will eventually reduce those in actual capacity, we probably have got to actually increase them for the next few months in order to train regulars to replace the reservists.

Mr. MONDELL. Does this item cover all of your expenditures directly chargeable to the maintenance of schools in your training camps?

Capt. BENNETT. It is not a training camp item, because we did not have any training camps before the war; we had training stations, and this does not cover those. It is for special schools, of which I named two, the one at the navy yard in Washington, the seaman gunner's class, and two classes at the torpedo station, the torpedo gunner's mate class and the officers' torpedo class. There is a machinists' mate school at Charleston, S. C., which has been running for some years, with a capacity of about 50 or 60 men, and we have now 300 there. They are technical schools. They have got to go through certain machine tool operations in order to learn to do mechanical work, and they have got to buy material to put in the machines.

Mr. MONDELL. How do you come to separate this particular item from your general expenditures for the maintenance of instruction in schools and camps? Why do you provide for certain classes or certain schools out of this item and the maintenance of instruction schools generally out of other items?

Capt. BENNETT. Before the war there was no other appropriation for maintaining these classes; when the war broke out we continued to maintain those existing schools and other special schools from this old appropriation. Then we asked for an appropriation for schools or camps of instruction to build up the new classes which were formed as a consequence of the war, and which, of course, were many times larger.

Mr. MONDELL. This, then, is a continuation of your old appropriation for this class of work?

Capt. BENNETT. Yes, sir; and we continue, as a matter of habit, to pay for this particular class of work out of the appropriation which always had borne the expense. In course of time the schools or camps of instruction appropriation will lapse and everything will be brought under this appropriation. The schools or camps was really a war appropriation, while this is a war and peace appropriation.

Mr. MONDELL. I take it that these are technical schools?

Capt. BENNETT. They are all technical schools; yes, sir.

Mr. MONDELL. They do not cover the ordinary classes which you might have other than those for purely technical instruction!

Capt. BENNETT. That appropriation is not intended for that purpose.

PILOTAGE AND TOWAGE OF SHIPS OF WAR, CANAL TOLLS, WHARFAGE.
ETC.

Mr. MONDELL. Your item of \$430,000, for pilotage and towage of ships of war, canal tolls, wharfage, dock and port charges, etc., is estimated, I assume, on the basis of your past expenditures.

Capt. LANING. And on our present activities.

Mr. MONDELL. I mean your activities in the recent past.

Capt. LANING. Yes, sir. That is based on the past four months of this year and it is apt to increase rather than diminish, particularly as to canal tolls, because if the ships we are operating for the Shipping Board should go through the Suez Canal and go into Asiatic trade we would have a very heavy expenditure on that account. It is pretty hard for us to tell how much it is going to cost.

Take, for instance, the question of pilotage. The men who are manning our merchant ships are really merchant captains who have been given temporary commissions in the reserve force. Of course, when those ships go into port those men will take on a pilot while a regular naval officer would not, and as long as we maintain those ships we are going to have that pilotage to pay. I am really afraid we have not allowed enough in that appropriation for that purpose, but we have not anything to go by, because we do not know where those ships are going to operate.

Mr. MONDELL. By and large you think you have cut these items as closely as you safely can?

Capt. LANING. We have cut them down to what we thought was the minimum we could get along with, and we have had to do a great deal of studying to do that.

Commander DODDRIDGE. The ability to turn back \$4,000,000 is largely due to the fact that we could not get the instruments. We had requisitions out for them, but they could not be manufactured in this country in time. It was due to the fact that people came forward with their glasses, and so on, that we were able to operate for a while.

OCEAN AND LAKE SURVEYS.

Capt. LANING. The next is ocean and lake surveys.

The CHAIRMAN. You had \$310,000 appropriated, you spent \$97,882.39 and have a balance of \$212,117.61, with unpaid obligations of \$15,157.80, leaving an unobligated balance of \$196,959.81!

Capt. LANING. This appropriation is a peculiar appropriation. It has not been added to particularly for war purposes. It is one of the survey appropriations that goes on for all time and we simply have to continue that as we have in the past. We have been doing survey work at Guam and at the Philippine Islands, and as soon as we get some of the ships released we will go on with some survey work we have been doing in Central America, and all of that must be paid for out of this appropriation.

The CHAIRMAN. Does this money remain available, or is it for the fiscal year?

Capt. LANING. It is a fiscal year appropriation.

The CHAIRMAN. Will you spend this balance this year?

Capt. LANING. Yes, sir; I think we will, because as soon as we get the ships back we will put them on that work again and go ahead with those surveys because we want them. We have several propositions that we are very anxious to carry out as soon as we can take ships off of their war work.

Mr. MONDELL. Is the work you do under this item wholly outside of the field of operations of the Coast and Geodetic Survey?

Capt. LANING. Yes, sir; it is outside the limits of the United States; they do the work within the United States and we do the work outside the United States.

NAVAL TRAINING STATION—CALIFORNIA.

The CHAIRMAN. For the naval training station at California you have had \$417,000, you spent \$309,775.45, you have a balance of \$107,224.55, and an unobligated balance of \$3,736.30, leaving a free balance of \$103,488.25, and you indicate a deficiency of \$22,066.25.

Capt. LANING. I have been unable in the time I have had, to get in touch with the commandant of that station. That is our only regular training station on the west coast and that total amount is the necessary amount to maintain that station for the rest of the year.

The CHAIRMAN. You mean you need \$22,000?

Capt. LANING. \$22,000 more than has been allotted; yes, sir. I am mistaken about that. That was the 1918 deficiency, that \$22,000, and he estimates that the \$103,488.25 will run him safely to the end of the year.

The CHAIRMAN. Would it not give him enough to take care of the 1918 deficiency if we made it available for that purpose?

Capt. LANING. I am sorry to say I can not answer that. He is so far away that I could not, in the time I had, get that information from him. I do not think that amount is excessive for running a station like that.

Capt. BENNETT. We have had as high as 4,500 there, but the safe capacity is about 3,500. They really should not have any such number as that, but they must have for the rest of this year.

NAVAL WAR COLLEGE.

The CHAIRMAN. The next is the Naval War College. What is your usual appropriation there?

Capt. LANING. We have had about \$38,000, I think, but on account of the war we were using it in connection with the district work up there, and the buildings were run to a higher capacity than before. We had to spend some money on them. Now, that the war is ending, of course the War College will go back to its original status. We expect just as soon as we can to put classes there considerably larger than any we have ever had before, because in the past we did not have enough officers to send many there, and the training is of immense value. It will take what we have left to run that for this year, although there may be a saving of a few thousand dollars. The amount, however, will be small.

The CHAIRMAN. You have \$32,961.10. That is more than it took for a whole year in the past.

Capt. LANING. We had \$38,000 before, and now we have practically \$33,000 with which to run for nine months. As a matter of fact, we are not getting out of our present war activities. They are going on at present, and will go on at the War College just as they have been in the past few months.

PAY OF NAVAL ACADEMY.

The CHAIRMAN. For pay of Naval Academy, the total amount appropriated was \$1,050,006.40, of which you have expended \$501,222.70, leaving an unexpended balance of \$548,783.70, and you indicate that you will want all of that for the balance of the year.

Capt. LANING. The Naval Academy is running at larger capacity now, and will run at larger capacity for a number of years than they have ever done before. The superintendent tells me that this is the minimum he can get along with, and that he will have to have all of that money. The change from peace to war makes no difference with the Naval Academy.

CURRENT AND MISCELLANEOUS EXPENSES, NAVAL ACADEMY.

The CHAIRMAN. For current and miscellaneous expenses at the Naval Academy, you have had appropriated \$150,800, and you have an unobligated balance of \$87,240.93. Are you going to have to spend that for this year?

Capt. LANING. We will have to spend all of that. That is a straight annual appropriation, and it makes no difference whether we are at peace or war. It goes on just the same. This is a peace-time appropriation and not a war-time appropriation.

SHIPS, NAVAL MILITIA.

The CHAIRMAN. For ships for Naval Militia you have had appropriated \$135,500, of which you have expended \$1,104.16, leaving an unexpended balance of \$134,395.84. Of course, you will not need all of that.

Capt. LANING. That is a peculiar appropriation. That appropriation of \$135,500 was made for the alteration, installation of machinery, and repairs to the U. S. S. *Topeka*, to be used as a training ship for the Naval Militia of Illinois. For the past two or three years they have been working on that ship. She is at the Portsmouth Navy Yard, and they have got the boilers in. I think they have spent all this money, but it is not charged against this appropriation. It is still being carried by the Construction and Repair appropriation and by the Steam Engineering appropriation. When they get the adjustment made, they will transfer the charge to this appropriation. This particular ship, now that the Naval Militia has been merged in the reserve force, I imagine will be used as a cruiser.

Capt. BENNETT. It has been used as a barracks ship all the time the work was going on, and I do not know what they would have done if the ship had not been there.

ORGANIZING NAVAL RESERVE FORCE.

The CHAIRMAN. For organizing Naval Reserve Force there has been appropriated \$630,000, of which you have expended \$470,966.55, leaving an unexpended balance of \$159,033.45, with outstanding obligations amounting to \$60,334.97, leaving an unobligated balance of \$98,698.48.

Capt. LANING. We will need all of the money in that appropriation. We have to maintain our reserve offices right on whether the war is ended or not. We have enrollment offices, and we have other offices that we provide out of this fund for handling the naval overseas transportation force. It will take all of this money to care for that. That will have to be a continuing appropriation as long as the Naval Reserve Force exists, and it will be just as much practically in peace time as in time of war.

MONDAY, DECEMBER 9, 1918.

BUREAU OF ORDNANCE.

STATEMENT OF REAR ADMIRAL RALPH EARLE, CHIEF
BUREAU OF ORDNANCE.

ORDNANCE AND ORDNANCE STORES.

UNPAID OBLIGATIONS.

[See p. 533.]

The CHAIRMAN. Admiral, the statement submitted as to ordnance of the Navy shows that there has been appropriated \$971,906,725 in the way of cash and authorizations, and of that amount \$146,915,754 was authorizations; it also shows that you have expended as of November 1, \$285,322,023.88, leaving you an unexpended balance on that date of \$686,584,701.12, from which you figure a necessary deduction of unpaid obligations of \$417,190,668.47, leaving an unobligated balance of \$269,394,032.65. That is true?

Admiral EARLE. Yes, sir; that is true.

The CHAIRMAN. What reason is there for believing that you need to obligate any of this unobligated balance?

Admiral EARLE. The easiest way to explain that, Mr. Chairman, is to say that while the legal contracts have not been executed, the work is in process or under way.

The CHAIRMAN. Not this unobligated balance?

Admiral EARLE. Yes, sir. For instance, under "Ordnance and ordnance stores," we have an unobligated balance of \$18,000,000. That is what is to take us through the year after November 1, 1918.

The CHAIRMAN. Your expenditures are actually made?

Admiral EARLE. Yes, sir.

The CHAIRMAN. They are not recoverable?

Admiral EARLE. They are not recoverable at all.

The CHAIRMAN. In any instance?

Admiral EARLE. No, sir.

The CHAIRMAN. Your unexpended balance is, of course, the difference between the total amount appropriated and the amount which has been expended; that is what is in the Treasury?

Admiral EARLE. Yes, sir.

The CHAIRMAN. But against that are certain obligations that have been incurred?

Admiral EARLE. Yes, sir.

The CHAIRMAN. That is what you mean by "unpaid obligations"?

Admiral EARLE. Yes, sir.

The CHAIRMAN. This unobligated balance is money that has been set aside for no specific purpose at this time?

Admiral EARLE. It has been set aside for a specific purpose in this way, it runs up for the remainder of the year.

The CHAIRMAN. But on the 1st of November that unobligated balance had not been assigned to any specific purpose?

Admiral EARLE. If I said "no" I would be telling what is not correct. It is set aside to meet the obligations of the Bureau of Ordnance during the remainder of the year.

The CHAIRMAN. It is in the Treasury to take care of the things that you anticipate to have to use it for?

Admiral EARLE. Absolutely.

Mr. BYRNE. There is no outstanding charge against it?

Admiral EARLE. Certainly, there are outstanding charges.

The CHAIRMAN. Why is it not carried under the head of "unpaid obligations"?

Admiral EARLE. Because the contracts, in a good many cases, are not signed.

The CHAIRMAN. What do you mean by an unpaid obligation?

Admiral EARLE. A contract not yet completed and fully paid.

The CHAIRMAN. An unpaid obligation means this, it means an obligation which the Government has incurred, but the bill for which has not been paid?

Admiral EARLE. Yes, sir.

The CHAIRMAN. It is not a question of whether you have signed or have not signed, but a question of obligations which have been incurred and which in the future will be presented to the Treasury for payment?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Then what is meant by an unobligated balance?

Admiral EARLE. An unobligated balance is the amount of money that has not been obligated by a contract of some kind actually executed.

The CHAIRMAN. If the Navy Department was estopped as of the 1st of November that much money would not be paid for anything which has heretofore been authorized?

Admiral EARLE. No, Mr. Sherley; I think I can explain that. Under contract 1550, 200 depth-charge projectors, \$200,000; that is not taken up by the Bureau of Supplies and Accounts as yet, because they have not had the time.

The CHAIRMAN. I do not know what you mean by "have not been taken up"; you have not entered into the contract?

Admiral EARLE. Not recorded on the books of the Bureau of Supplies and Accounts.

The CHAIRMAN. Why is not that an unpaid obligation of the Government? Why is it not carried under the head of "Unpaid obligations"?

Admiral EARLE. In fact, the bookkeeping organization of the Navy—the Bureau of Supplies and Accounts—has not gotten to it. It has not included it. If I included that, then my records would not agree with the books of the Bureau of Supplies and Accounts—it is a matter of bookkeeping.

Mr. MONDELL. It is not clear to my mind yet what is meant by "unpaid obligations." Under the head of "Ordnance and ordnance stores," you have an item of \$42,000,000, in round figures, under the head of "Unpaid obligations." Do you mean by that obligations entered into under contracts which can not be abrogated or closed, or rescinded, which you have no expectation of terminating, because of the fact that all the material is essential?

Admiral EARLE. Your last clause expresses it more exactly.

Mr. MONDELL. Under what head would such a proposition as this come? Assuming that you had entered into a contract for a certain number of depth charges which, if the contract were carried out, would cost you \$5,000,000—is that item carried in the statement as an obligation under that contract, without any regard as to whether you shall or shall not terminate that contract in the future without its fulfillment?

Admiral EARLE. No, indeed. That is carried in this statement as an actual contract. Then in the next column we put in what we expect to save by the cancellation of the contract. It is put in there at its full value.

Mr. MONDELL. Does that \$42,000,000 represent obligations under contract or otherwise, which must be met and which you have no expectation of avoiding in whole or in part by the cancellation of contracts?

Admiral EARLE. In this item, it does.

The CHAIRMAN. Perhaps we can get at it by taking up a concrete case. You have under "Ordnance and ordnance stores," \$98,247,759?

Admiral EARLE. Yes, sir.

The CHAIRMAN. And you expect to spend every dollar of that amount?

Admiral EARLE. Yes, sir.

The CHAIRMAN. That seems an almost inconceivable condition of affairs. We will put in the record at this point what comes under the item "Ordnance and ordnance stores," which is as follows:

Ordnance and ordnance stores: For procuring, producing, preserving, and handling ordnance material; for the armament of ships; for fuel, material, and labor to be used in the general work of the Ordnance Department; for furniture at naval ammunition depots, torpedo stations, and proving grounds; for necessary improvements at and maintenance of proving grounds, powder factory, torpedo stations, gun factory, ammunition depots, and armor and projectile plant; and for target practice; for the maintenance, repair, or operation of horse-drawn or motor-propelled passenger-carrying vehicles, to be used only for official purposes at naval ammunition depots, naval proving grounds, and naval torpedo stations, and for the pay of chemists, clerical, drafting, inspection, and messenger service in navy yards, naval stations, and naval ammunition depots.

Suppose you give us, if you can, what constitute the big items under which this \$98,000,000 was appropriated.

Admiral EARLE. I will say in preface to that that contracts have been canceled under this appropriation aggregating \$4,000,000. This amount is not recorded as a saving for the reason that as explained on page 4 of the hearings of the Chief of Bureau of Ordnance before the House Committee on Naval Affairs, there would probably otherwise have been a deficiency under this appropriation, the probability of which is materially reduced, if not entirely obviated through the release of this \$4,000,000 due to the cancellation of contracts. I do not have to come for a deficiency, because it has already been reduced by \$4,000,000. The big item, of course, is for labor and material at navy yards and stations; that is the big major item under "Ordnance and ordnance stores."

The CHAIRMAN. That is not going to continue in like quantity?

Admiral EARLE. So far it has not decreased and with the increase of cost I doubt very much—

The CHAIRMAN. Why should it not decrease? Why should you have to do the amount of work that you would have to do under war conditions? You are continuing everything that you would have continued if the war had gone on?

Admiral EARLE. No; we have stopped everything that we possibly can.

The CHAIRMAN. What have you stopped?

Admiral EARLE. We have cut down just as fast as we can at all the stations. I do not know of any activity that is not necessary for the Navy that we have not stopped.

The CHAIRMAN. Admiral, I wish you would submit in the record at this point a statement showing the major items that go to make up the total of \$98,225,000 for ordnance and ordnance stores; and then indicate in connection with those major items what amount of money can be saved as a result of the altered conditions, having in mind the things we have already formally discussed; that is, assuming that \$10,000,000 and more has been appropriated for target practice, that with the diminution in the number of ships in commission and the number of men to be trained in target practice, etc., there can probably be a saving there of \$3,000,000 plus; having in mind also the savings that will take place in the cost of labor by virtue of doing away with all overtime and Sunday work; and having in mind also that with the constant diminution of the number of ships that are in the service there will be a constant lessening of the amount of general supplies, etc., that are obtained under this head for such ships in commission; and thereby indicate what amount of money can be covered into the Treasury. In this connection I wish you would also indicate what amount of deficiency there would have been under the head of "Ordnance and ordnance stores," assuming that the projects which have been entered upon or approved with the approval of Congress had been carried out due to the continuation of the war.

Admiral EARLE. Yes, sir.

Major items under appropriations "Ordnance and ordnance stores."

Item.	Amount.	Estimated savings.
Allotments for labor and material to navy yards and stations.....	\$39,353,000	\$1,800,000
Target projectiles.....	8,633,500	2,198,900
Classified employees.....	6,925,000	
Fire control and optical instruments.....	6,819,800	
Marine Corps ordnance material.....	7,525,500	2,359,000
Purchase and manufacture of smokeless powder.....	4,200,000	
Equipment for naval stations and ammunition depots.....	2,148,200	
Improvements at ordnance stations.....	2,034,100	
14-inch railway and 7-inch tractor batteries.....	2,215,000	
Ordnance equipment for aircraft.....	1,379,700	
Total.....	81,233,800	6,357,900

Other cancellations and savings are in process to the fullest extent possible, and these will, it is believed, obviate the necessity of asking for further deficiencies under the appropriation "Ordnance and ordnance stores." It is not now possible to give exact figures as to the extent of such indicated further deficiency, depending as it does to a great degree upon emergency expenditures abroad chargeable to this appropriation. It appears probable, however, that it would have approximated \$10,000,000.

CONTINGENT, ORDNANCE.

The CHAIRMAN. You had under the head of "Contingent, ordnance," \$99,500. Are you going to spend all of that?

Mr. BYRNES. You stated you had an unobligated balance of \$29,188.41.

Admiral EARLE. That is taken up in the running expenses of our inspection of ordnance material in the districts, and it is rather difficult to say whether that will be sufficiently less to be worth mentioning.

Mr. BYRNES. Of what do your unpaid obligations consist, \$27,870?

Admiral EARLE. That just represents the expenses that occur from month to month in obtaining tools, measuring instruments, various chemicals, office furniture, etc., for the inspection force of the Ordnance Bureau.

Mr. BYRNES. Does that mean that you have obligated the department to the amount of \$27,870?

Admiral EARLE. Yes, sir; that is the actual condition.

Mr. BYRNES. And \$29,000 you estimate will be necessary to carry you through until July 1?

Admiral EARLE. To run the next eight months; yes, sir.

Mr. BYRNES. And you can not reduce that now?

Admiral EARLE. It is very difficult to say, sir.

Mr. BYRNES. You certainly will not have to buy any great amount of office furniture.

Admiral EARLE. No; we do not expect to buy any now because we are rapidly decreasing our force.

Mr. BYRNES. What other items does this include besides office furniture?

Admiral EARLE. It includes all office expenditures, paper, books, etc.

Mr. BYRNES. You will not need any increased expenditure for books from now until July 1?

Admiral EARLE. I can not say, sir. These things come up from time to time and day to day.

Mr. BYRNES. The \$27,000 obligation has been incurred during what time?

Admiral EARLE. During the two years?

Mr. BYRNES. Have you anything to show what you spent during the fiscal year July 1, 1918, under this item?

Admiral EARLE. We have not the information here, but it is available at the department. It has all been consolidated here in one table for the two years.

Mr. BYRNES. You do not know offhand what has been your annual expenditure under this item?

Admiral EARLE. No, sir. I should say with the way other things are we may be able to get along on \$15,000.

ORDNANCE REPAIR.

The CHAIRMAN. Ordnance repair is a little \$30,000 item, and you have only spent \$1,300 out of it.

Admiral EARLE. That is a guess. We never know what is going to happen on that. Sometimes they have a big thing and at other times they have very little. As you see, we have spent very little.

TORPEDO STATION, NEWPORT, R. I.

The CHAIRMAN. For the torpedo station, Newport, R. I., you got \$600,000; what was that for?

Admiral EARLE. \$300,000 for maintenance and \$300,000 for machinery.

The CHAIRMAN. You got \$400,000 in the last naval act, \$200,000 for torpedo factory, \$200,000 for general purposes, labor, material, care and repair of grounds, and then you got \$200,000 in the deficiency. did you not?

Admiral EARLE. No, sir; \$200,000 was in the act of March 4, 1917.

The CHAIRMAN. Have you bought that machinery?

Admiral EARLE. The major portion of it is bought, yes, sir. What we are trying to do is to be sure we are able to meet the increased number of torpedoes being used by destroyers; that is, keep them in repair. Of course, we have not by any means met this large destroyer program so far as actual torpedoes are concerned. We are trying to do that.

Mr. MONDELL. Under the item we have just been considering, torpedo station, Newport, you give the expenditure at \$274,000, unpaid obligations, \$207,000. What does that mean in this particular case? Is that a contract obligation?

Admiral EARLE. I think all of that is a contract for machinery.

Mr. MONDELL. That is a contract obligation, is it?

Admiral EARLE. Yes, sir; it is in a large number of contracts, but it is an obligation.

Mr. MONDELL. And an obligation that would have to be met unless you canceled the contracts?

Admiral EARLE. Yes, sir.

Mr. MONDELL. Have you investigated that item with a view to determining whether or not it would be wise to cancel the contracts?

Admiral EARLE. Yes, sir; that is for machinery that is needed in the factory to carry out its work in time of peace.

Mr. MONDELL. And that is an item of expenditure you think should be made without regard to peace conditions?

Admiral EARLE. It is being made in that way.

Mr. MONDELL. And your purpose is, if Congress gives you sufficient money, to carry that out with regard to peace conditions on the same basis you started it?

Admiral EARLE. Yes, sir.

NAVAL GUN FACTORY, WASHINGTON, D. C.

The CHAIRMAN. Now we come to the Naval Gun Factory at Washington. You have had \$10,500,000.

Admiral EARLE. Yes, sir.

The CHAIRMAN. Are you still going on with all the work you were doing there?

Admiral EARLE. I think we have only an unobligated balance of \$1,000,000, and this covers machinery for the Naval Gun Factory.

The CHAIRMAN. Are you going to have a fourth deficiency in this item? You have had three.

Admiral EARLE. No, sir; I hope not. There is not any deficiency coming.

The CHAIRMAN. Are you not going to save some money on this because of doing away with overtime?

Admiral EARLE. Practically all of this is machinery under contract. We would have to cancel the contracts and go out and get new bids, and I do not think we would save anything by doing that.

The CHAIRMAN. Part of this is work you are doing down there in the way of building construction, is it not?

Admiral EARLE. No, sir; this is for machinery. The buildings are practically all finished.

Mr. BYRNS. Is the \$7,000,000 of unpaid obligations actually contracted?

Admiral EARLE. Yes, sir. The buildings are all under Yards and Docks.

EXPERIMENTS IN ORDNANCE.

The CHAIRMAN. You have received under the head of experiments in ordnance, \$485,000. You have got \$301,000 absolutely left. You do not expect to need all of that?

Admiral EARLE. No, sir.

The CHAIRMAN. How much can you give up?

Admiral EARLE. There are four major items under that now. I should say that we would not need over \$175,000 on those items.

The CHAIRMAN. You mean you can cut that \$175,000?

Admiral EARLE. We can cut it \$125,000, leaving \$175,000, I think, sir.

The CHAIRMAN. In other words, you think of the \$300,000 which you have got free, you will only need half of it?

Admiral EARLE. I think we will need just about half.

The CHAIRMAN. You have \$32,961.10. That is more than it took for a whole year in the past.

Capt. LANING. We had \$38,000 before, and now we have practically \$33,000 with which to run for nine months. As a matter of fact, we are not getting out of our present war activities. They are going on at present, and will go on at the War College just as they have been in the past few months.

PAY OF NAVAL ACADEMY.

The CHAIRMAN. For pay of Naval Academy, the total amount appropriated was \$1,050,006.40, of which you have expended \$501,222.70, leaving an unexpended balance of \$548,783.70, and you indicate that you will want all of that for the balance of the year.

Capt. LANING. The Naval Academy is running at larger capacity now, and will run at larger capacity for a number of years than they have ever done before. The superintendent tells me that this is the minimum he can get along with, and that he will have to have all of that money. The change from peace to war makes no difference with the Naval Academy.

CURRENT AND MISCELLANEOUS EXPENSES, NAVAL ACADEMY.

The CHAIRMAN. For current and miscellaneous expenses at the Naval Academy, you have had appropriated \$150,800, and you have an unobligated balance of \$87,240.93. Are you going to have to spend that for this year?

Capt. LANING. We will have to spend all of that. That is a straight annual appropriation, and it makes no difference whether we are at peace or war. It goes on just the same. This is a peace-time appropriation and not a war-time appropriation.

SHIPS, NAVAL MILITIA.

The CHAIRMAN. For ships for Naval Militia you have had appropriated \$135,500, of which you have expended \$1,104.16, leaving an unexpended balance of \$134,395.84. Of course, you will not need all of that.

Capt. LANING. That is a peculiar appropriation. That appropriation of \$135,500 was made for the alteration, installation of machinery, and repairs to the U. S. S. *Topeka*, to be used as a training ship for the Naval Militia of Illinois. For the past two or three years they have been working on that ship. She is at the Portsmouth Navy Yard, and they have got the boilers in. I think they have spent all this money, but it is not charged against this appropriation. It is still being carried by the Construction and Repair appropriation and by the Steam Engineering appropriation. When they get the adjustment made, they will transfer the charge to this appropriation. This particular ship, now that the Naval Militia has been merged in the reserve force, I imagine will be used as a cruiser.

Capt. BENNETT. It has been used as a barracks ship all the time the work was going on, and I do not know what they would have done if the ship had not been there.

SECOND DEFENSE BILL
ORGANIZING

50.

The CHAIRMAN. For the year 1917, \$68,000,000 has been appropriated, leaving an unexpended balance of obligations amounting to \$98,698.48.

needed in
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Capt. LANING. We will have to maintain our force is ended or not. We have all the offices that we provide out of the seas transportation force. It will be that. That will have to be a part of the Naval Reserve Force exists, and in peace time as in time of war.

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BUREAU OF ORDNANCE
STATEMENT OF REAR ADMIRAL EARLE
BUREAU OF ORDNANCE

ORDNANCE AND ORDNANCE

UNPAID OBLIGATIONS

[See p. 523]

The CHAIRMAN. Admiral, the statement of the Navy shows that there has been a balance of the way of cash and authorizations, and of the was authorizations; it also shows that on November 1, \$285,322,023.88, leaving you a on that date of \$686,584,701.12, from which deduction of unpaid obligations of \$417,261,677.29 obligated balance of \$269,394,032.65. That is

Admiral EARLE. Yes, sir; that is true.

The CHAIRMAN. What reason is there for to obligate any of this unobligated balance

Admiral EARLE. The easiest way to explain to say that while the legal contracts have not is in process or under way.

The CHAIRMAN. Not this unobligated balance of ordnance stores," we have an unobligated

Admiral EARLE. Yes, sir. For instance, That is what is to take us through the year of

The CHAIRMAN. Your expenditures are actual

Admiral EARLE. Yes, sir.

The CHAIRMAN. They are not recoverable?

Admiral EARLE. They are not recoverable

The CHAIRMAN. In any instance?

Admiral EARLE. No, sir.

not necessarily replace it with the same book but with a new one. As the Navy expands, it takes more money all the time for that particular feature.

Mr. MONDELL. How many ships would you provide for with this \$400,000?

Capt. LANING. I can not tell you the total number of ships to which we send those libraries, but I should say, roughly, that now we are maintaining libraries on probably 1,500 ships, in addition to the libraires that we maintain at the various camps and shore stations.

Mr. MONDELL. Under the item of correcting, repairing and testing compasses, you estimate for the balance of the fiscal year—that is, seven months.

Capt. LANING. Yes, sir.

Mr. MONDELL. The sum estimated is \$639,000. How does that compare with your expenditures heretofore for the same purposes?

Commander DODDRIDGE. That is about three times as much, that is, before the war. I have not the exact figures, but that is about it. The big increase in the expense is due to the gyro compass that has been installed all through the service in the last two years and the upkeep. That is the main increase in that estimate.

Mr. MONDELL. It is much more expensive to keep in repair than the compasses you formerly used.

Commander DODDRIDGE. Very much more expensive.

Capt. LANING. A gyro compass is a very complicated piece of mechanism. The old compass was nothing but a magnetic compass and it cost nothing to keep it up unless it was broken, whereas a gyro compass is a machine and it works all the time.

Commander DODDRIDGE. The initial installation on a battleship costs about \$16,000 and the upkeep runs from about \$1,500 to \$2,500 a year, depending on the repairs.

Mr. MONDELL. I assume those better compasses are essential?

Commander DODDRIDGE. Absolutely for battle conditions. The old magnetic compass became useless as soon as the guns were fired.

Capt. LANING. These gyro compasses are an essential part of the fire-control system in the operation of the guns on board ship, under the new methods of gun fire.

PRINTING OUTFITS AND MATERIALS.

Mr. MONDELL. You have an item of \$140,000 for printing outfits and materials. What class of outfits are covered by that item?

Capt. LANING. On each of our ships, or on all of the larger ones, it is necessary to have a printing outfit; they have so many orders and things to get out that they work the printing press all the time. We must maintain them and supply them with type and supply them with paper. This estimate covers everything in connection with their printing. We run a good many printing offices in the Navy; each training station has one, and a pretty big one, and all the large ships have such an outfit.

Mr. MONDELL. And you find them necessary and useful?

Capt. LANING. Oh, yes, sir. They are getting out orders continually, and, as a matter of fact, the printing office aboard ship is one of the busiest places we have. They generally have to work night and day to keep up with their work.

MAINTENANCE OF CLASSES AND SCHOOLS.

Mr. MONDELL. Under the head of maintenance of classes and schools, you have an item of \$350,000. How does that compare with your expenditures heretofore for that sort of thing?

Capt. BENNETT. I have to do with that, and that amount is considerably less than the allotment we have been making out of that particular appropriation for the maintenance of certain classes. The classes that are maintained out of this particular allotment are those that were run in time of peace and those in time of war, before we had the schools or camps of instruction appropriation—such classes as the seaman gunner's class at Washington, and the torpedo gunner's mate class at Newport. While we will eventually reduce those in actual capacity, we probably have got to actually increase them for the next few months in order to train regulars to replace the reservists.

Mr. MONDELL. Does this item cover all of your expenditures directly chargeable to the maintenance of schools in your training camps?

Capt. BENNETT. It is not a training camp item, because we did not have any training camps before the war; we had training stations, and this does not cover those. It is for special schools, of which I named two, the one at the navy yard in Washington, the seaman gunner's class, and two classes at the torpedo station, the torpedo gunner's mate class and the officers' torpedo class. There is a machinists' mate school at Charleston, S. C., which has been running for some years, with a capacity of about 50 or 60 men, and we have now 300 there. They are technical schools. They have got to go through certain machine tool operations in order to learn to do mechanical work, and they have got to buy material to put in the machines.

Mr. MONDELL. How do you come to separate this particular item from your general expenditures for the maintenance of instruction in schools and camps? Why do you provide for certain classes or certain schools out of this item and the maintenance of instruction schools generally out of other items?

Capt. BENNETT. Before the war there was no other appropriation for maintaining these classes; when the war broke out we continued to maintain those existing schools and other special schools from this old appropriation. Then we asked for an appropriation for schools or camps of instruction to build up the new classes which were formed as a consequence of the war, and which, of course, were many times larger.

Mr. MONDELL. This, then, is a continuation of your old appropriation for this class of work?

Capt. BENNETT. Yes, sir; and we continue, as a matter of habit, to pay for this particular class of work out of the appropriation which always had borne the expense. In course of time the schools or camps of instruction appropriation will lapse and everything will be brought under this appropriation. The schools or camps was really a war appropriation, while this is a war and peace appropriation.

Mr. MONDELL. I take it that these are technical schools?

Capt. BENNETT. They are all technical schools; yes, sir.

Mr. MONDELL. They do not cover the ordinary classes which you might have other than those for purely technical instruction?

Capt. BENNETT. That appropriation is not intended for that purpose.

PILOTAGE AND TOWAGE OF SHIPS OF WAR, CANAL TOLLS, WHARFAGE.
ETC.

Mr. MONDELL. Your item of \$430,000, for pilotage and towage of ships of war, canal tolls, wharfage, dock and port charges, etc., is estimated, I assume, on the basis of your past expenditures.

Capt. LANING. And on our present activities.

Mr. MONDELL. I mean your activities in the recent past.

Capt. LANING. Yes, sir. That is based on the past four months of this year and it is apt to increase rather than diminish, particularly as to canal tolls, because if the ships we are operating for the Shipping Board should go through the Suez Canal and go into Asiatic trade we would have a very heavy expenditure on that account. It is pretty hard for us to tell how much it is going to cost.

Take, for instance, the question of pilotage. The men who are manning our merchant ships are really merchant captains who have been given temporary commissions in the reserve force. Of course, when those ships go into port those men will take on a pilot while a regular naval officer would not, and as long as we maintain those ships we are going to have that pilotage to pay. I am really afraid we have not allowed enough in that appropriation for that purpose, but we have not anything to go by, because we do not know where those ships are going to operate.

Mr. MONDELL. By and large you think you have cut these items as closely as you safely can?

Capt. LANING. We have cut them down to what we thought was the minimum we could get along with, and we have had to do a great deal of studying to do that.

Commander DODDRIDGE. The ability to turn back \$4,000,000 is largely due to the fact that we could not get the instruments. We had requisitions out for them, but they could not be manufactured in this country in time. It was due to the fact that people came forward with their glasses, and so on, that we were able to operate for a while.

OCEAN AND LAKE SURVEYS.

Capt. LANING. The next is ocean and lake surveys.

The CHAIRMAN. You had \$310,000 appropriated, you spent \$97,882.39 and have a balance of \$212,117.61, with unpaid obligations of \$15,157.80, leaving an unobligated balance of \$196,959.81?

Capt. LANING. This appropriation is a peculiar appropriation. It has not been added to particularly for war purposes. It is one of the survey appropriations that goes on for all time and we simply have to continue that as we have in the past. We have been doing survey work at Guam and at the Philippine Islands, and as soon as we get some of the ships released we will go on with some survey work we have been doing in Central America, and all of that must be paid for out of this appropriation.

The CHAIRMAN. Does this money remain available, or is it for the fiscal year?

Capt. LANING. It is a fiscal year appropriation.

The CHAIRMAN. Will you spend this balance this year?

Capt. LANING. Yes, sir; I think we will, because as soon as we get the ships back we will put them on that work again and go ahead with those surveys because we want them. We have several propositions that we are very anxious to carry out as soon as we can take ships off of their war work.

Mr. MONDELL. Is the work you do under this item wholly outside of the field of operations of the Coast and Geodetic Survey?

Capt. LANING. Yes, sir; it is outside the limits of the United States; they do the work within the United States and we do the work outside the United States.

NAVAL TRAINING STATION—CALIFORNIA.

The CHAIRMAN. For the naval training station at California you have had \$417,000, you spent \$309,775.45, you have a balance of \$107,224.55, and an unobligated balance of \$3,736.30, leaving a free balance of \$103,488.25, and you indicate a deficiency of \$22,066.25.

Capt. LANING. I have been unable in the time I have had, to get in touch with the commandant of that station. That is our only regular training station on the west coast and that total amount is the necessary amount to maintain that station for the rest of the year.

The CHAIRMAN. You mean you need \$22,000?

Capt. LANING. \$22,000 more than has been allotted; yes, sir. I am mistaken about that. That was the 1918 deficiency, that \$22,000, and he estimates that the \$103,488.25 will run him safely to the end of the year.

The CHAIRMAN. Would it not give him enough to take care of the 1918 deficiency if we made it available for that purpose?

Capt. LANING. I am sorry to say I can not answer that. He is so far away that I could not, in the time I had, get that information from him. I do not think that amount is excessive for running a station like that.

Capt. BENNETT. We have had as high as 4,500 there, but the safe capacity is about 3,500. They really should not have any such number as that, but they must have for the rest of this year.

NAVAL WAR COLLEGE.

The CHAIRMAN. The next is the Naval War College. What is your usual appropriation there?

Capt. LANING. We have had about \$38,000, I think, but on account of the war we were using it in connection with the district work up there, and the buildings were run to a higher capacity than before. We had to spend some money on them. Now, that the war is ending, of course the War College will go back to its original status. We expect just as soon as we can to put classes there considerably larger than any we have ever had before, because in the past we did not have enough officers to send many there, and the training is of immense value. It will take what we have left to run that for this year, although there may be a saving of a few thousand dollars. The amount, however, will be small.

The CHAIRMAN. You have \$32,961.10. That is more than it took for a whole year in the past.

Capt. LANING. We had \$38,000 before, and now we have practically \$33,000 with which to run for nine months. As a matter of fact, we are not getting out of our present war activities. They are going on at present, and will go on at the War College just as they have been in the past few months.

PAY OF NAVAL ACADEMY.

The CHAIRMAN. For pay of Naval Academy, the total amount appropriated was \$1,050,006.40, of which you have expended \$501,222.70, leaving an unexpended balance of \$548,783.70, and you indicate that you will want all of that for the balance of the year.

Capt. LANING. The Naval Academy is running at larger capacity now, and will run at larger capacity for a number of years than they have ever done before. The superintendent tells me that this is the minimum he can get along with, and that he will have to have all of that money. The change from peace to war makes no difference with the Naval Academy.

CURRENT AND MISCELLANEOUS EXPENSES, NAVAL ACADEMY.

The CHAIRMAN. For current and miscellaneous expenses at the Naval Academy, you have had appropriated \$150,800, and you have an unobligated balance of \$87,240.93. Are you going to have to spend that for this year?

Capt. LANING. We will have to spend all of that. That is a straight annual appropriation, and it makes no difference whether we are at peace or war. It goes on just the same. This is a peace-time appropriation and not a war-time appropriation.

SHIPS, NAVAL MILITIA.

The CHAIRMAN. For ships for Naval Militia you have had appropriated \$135,500, of which you have expended \$1,104.16, leaving an unexpended balance of \$134,395.84. Of course, you will not need all of that.

Capt. LANING. That is a peculiar appropriation. That appropriation of \$135,500 was made for the alteration, installation of machinery, and repairs to the U. S. S. *Topeka*, to be used as a training ship for the Naval Militia of Illinois. For the past two or three years they have been working on that ship. She is at the Portsmouth Navy Yard, and they have got the boilers in. I think they have spent all this money, but it is not charged against this appropriation. It is still being carried by the Construction and Repair appropriation and by the Steam Engineering appropriation. When they get the adjustment made, they will transfer the charge to this appropriation. This particular ship, now that the Naval Militia has been merged in the reserve force, I imagine will be used as a cruiser.

Capt. BENNETT. It has been used as a barracks ship all the time the work was going on, and I do not know what they would have done if the ship had not been there.

ORGANIZING NAVAL RESERVE FORCE.

The CHAIRMAN. For organizing Naval Reserve Force there has been appropriated \$630,000, of which you have expended \$470,966.55, leaving an unexpended balance of \$159,033.45, with outstanding obligations amounting to \$60,334.97, leaving an unobligated balance of \$98,698.48.

Capt. LANING. We will need all of the money in that appropriation. We have to maintain our reserve offices right on whether the war is ended or not. We have enrollment offices, and we have other offices that we provide out of this fund for handling the naval overseas transportation force. It will take all of this money to care for that. That will have to be a continuing appropriation as long as the Naval Reserve Force exists, and it will be just as much practically in peace time as in time of war.

MONDAY, DECEMBER 9, 1918.

BUREAU OF ORDNANCE.

STATEMENT OF REAR ADMIRAL RALPH EARLE, CHIEF
BUREAU OF ORDNANCE.

ORDNANCE AND ORDNANCE STORES.

UNPAID OBLIGATIONS.

[See p. 533.]

The CHAIRMAN. Admiral, the statement submitted as to ordnance of the Navy shows that there has been appropriated \$971,906,725 in the way of cash and authorizations, and of that amount \$146,915,754 was authorizations; it also shows that you have expended as of November 1, \$285,322,023.88, leaving you an unexpended balance on that date of \$686,584,701.12, from which you figure a necessary deduction of unpaid obligations of \$417,190,668.47, leaving an unobligated balance of \$269,394,032.65. That is true?

Admiral EARLE. Yes, sir; that is true.

The CHAIRMAN. What reason is there for believing that you need to obligate any of this unobligated balance?

Admiral EARLE. The easiest way to explain that, Mr. Chairman, is to say that while the legal contracts have not been executed, the work is in process or under way.

The CHAIRMAN. Not this unobligated balance?

Admiral EARLE. Yes, sir. For instance, under "Ordnance and ordnance stores," we have an unobligated balance of \$18,000,000. That is what is to take us through the year after November 1, 1918.

The CHAIRMAN. Your expenditures are actually made?

Admiral EARLE. Yes, sir.

The CHAIRMAN. They are not recoverable?

Admiral EARLE. They are not recoverable at all.

The CHAIRMAN. In any instance?

Admiral EARLE. No, sir.

The CHAIRMAN. Your unexpended balance is, of course, the difference between the total amount appropriated and the amount which has been expended; that is what is in the Treasury?

Admiral EARLE. Yes, sir.

The CHAIRMAN. But against that are certain obligations that have been incurred?

Admiral EARLE. Yes, sir.

The CHAIRMAN. That is what you mean by "unpaid obligations"?

Admiral EARLE. Yes, sir.

The CHAIRMAN. This unobligated balance is money that has been set aside for no specific purpose at this time?

Admiral EARLE. It has been set aside for a specific purpose in this way, it runs us for the remainder of the year.

The CHAIRMAN. But on the 1st of November that unobligated balance had not been assigned to any specific purpose?

Admiral EARLE. If I said "no" I would be telling what is not correct. It is set aside to meet the obligations of the Bureau of Ordnance during the remainder of the year.

The CHAIRMAN. It is in the Treasury to take care of the things that you anticipate to have to use it for?

Admiral EARLE. Absolutely.

Mr. BYRNE. There is no outstanding charge against it?

Admiral EARLE. Certainly, there are outstanding charges.

The CHAIRMAN. Why is it not carried under the head of "unpaid obligations"?

Admiral EARLE. Because the contracts, in a good many cases, are not signed.

The CHAIRMAN. What do you mean by an unpaid obligation?

Admiral EARLE. A contract not yet completed and fully paid.

The CHAIRMAN. An unpaid obligation means this, it means an obligation which the Government has incurred, but the bill for which has not been paid?

Admiral EARLE. Yes, sir.

The CHAIRMAN. It is not a question of whether you have signed or have not signed, but a question of obligations which have been incurred and which in the future will be presented to the Treasury for payment?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Then what is meant by an unobligated balance?

Admiral EARLE. An unobligated balance is the amount of money that has not been obligated by a contract of some kind actually executed.

The CHAIRMAN. If the Navy Department was estopped as of the 1st of November that much money would not be paid for anything which has heretofore been authorized?

Admiral EARLE. No, Mr. Sherley; I think I can explain that. Under contract 1550, 200 depth-charge projectors, \$200,000; that is not taken up by the Bureau of Supplies and Accounts as yet, because they have not had the time.

The CHAIRMAN. I do not know what you mean by "have not been taken up"; you have not entered into the contract?

Admiral EARLE. Not recorded on the books of the Bureau of Supplies and Accounts.

The CHAIRMAN. Why is not that an unpaid obligation of the Government? Why is it not carried under the head of "Unpaid obligations"?

Admiral EARLE. In fact, the bookkeeping organization of the Navy—the Bureau of Supplies and Accounts—has not gotten to it. It has not included it. If I included that, then my records would not agree with the books of the Bureau of Supplies and Accounts—it is a matter of bookkeeping.

Mr. MONDELL. It is not clear to my mind yet what is meant by "unpaid obligations." Under the head of "Ordnance and ordnance stores," you have an item of \$42,000,000, in round figures, under the head of "Unpaid obligations." Do you mean by that obligations entered into under contracts which can not be abrogated or closed, or rescinded, which you have no expectation of terminating, because of the fact that all the material is essential?

Admiral EARLE. Your last clause expresses it more exactly.

Mr. MONDELL. Under what head would such a proposition as this come? Assuming that you had entered into a contract for a certain number of depth charges which, if the contract were carried out, would cost you \$5,000,000—is that item carried in the statement as an obligation under that contract, without any regard as to whether you shall or shall not terminate that contract in the future without its fulfillment?

Admiral EARLE. No, indeed. That is carried in this statement as an actual contract. Then in the next column we put in what we expect to save by the cancellation of the contract. It is put in there at its full value.

Mr. MONDELL. Does that \$42,000,000 represent obligations under contract or otherwise, which must be met and which you have no expectation of avoiding in whole or in part by the cancellation of contracts?

Admiral EARLE. In this item, it does.

The CHAIRMAN. Perhaps we can get at it by taking up a concrete case. You have under "Ordnance and ordnance stores," \$98,247,759?

Admiral EARLE. Yes, sir.

The CHAIRMAN. And you expect to spend every dollar of that amount?

Admiral EARLE. Yes, sir.

The CHAIRMAN. That seems an almost inconceivable condition of affairs. We will put in the record at this point what comes under the item "Ordnance and ordnance stores," which is as follows:

Ordnance and ordnance stores: For procuring, producing, preserving, and handling ordnance material; for the armament of ships; for fuel, material, and labor to be used in the general work of the Ordnance Department; for furniture at naval ammunition depots, torpedo stations, and proving grounds; for necessary improvements at and maintenance of proving grounds, powder factory, torpedo stations, gun factory, ammunition depots, and armor and projectile plant; and for target practice; for the maintenance, repair, or operation of horse-drawn or motor-propelled passenger-carrying vehicles, to be used only for official purposes at naval ammunition depots, naval proving grounds, and naval torpedo stations, and for the pay of chemists, clerical, drafting, inspection, and messenger service in navy yards, naval stations, and naval ammunition depots.

Suppose you give us, if you can, what constitute the big items under which this \$98,000,000 was appropriated.

Admiral EARLE. I will say in preface to that that contracts have been canceled under this appropriation aggregating \$4,000,000. This amount is not recorded as a saving for the reason that as explained on page 4 of the hearings of the Chief of Bureau of Ordnance before the House Committee on Naval Affairs, there would probably otherwise have been a deficiency under this appropriation, the probability of which is materially reduced, if not entirely obviated through the release of this \$4,000,000 due to the cancellation of contracts. I do not have to come for a deficiency, because it has already been reduced by \$4,000,000. The big item, of course, is for labor and material at navy yards and stations; that is the big major item under "Ordnance and ordnance stores."

The CHAIRMAN. That is not going to continue in like quantity?

Admiral EARLE. So far it has not decreased and with the increase of cost I doubt very much——

The CHAIRMAN. Why should it not decrease? Why should you have to do the amount of work that you would have to do under war conditions? You are continuing everything that you would have continued if the war had gone on?

Admiral EARLE. No; we have stopped everything that we possibly can.

The CHAIRMAN. What have you stopped?

Admiral EARLE. We have cut down just as fast as we can at all the stations. I do not know of any activity that is not necessary for the Navy that we have not stopped.

The CHAIRMAN. Admiral, I wish you would submit in the record at this point a statement showing the major items that go to make up the total of \$98,225,000 for ordnance and ordnance stores; and then indicate in connection with those major items what amount of money can be saved as a result of the altered conditions, having in mind the things we have already formally discussed; that is, assuming that \$10,000,000 and more has been appropriated for target practice, that with the diminution in the number of ships in commission and the number of men to be trained in target practice, etc., there can probably be a saving there of \$3,000,000 plus; having in mind also the savings that will take place in the cost of labor by virtue of doing away with all overtime and Sunday work; and having in mind also that with the constant diminution of the number of ships that are in the service there will be a constant lessening of the amount of general supplies, etc., that are obtained under this head for such ships in commission; and thereby indicate what amount of money can be covered into the Treasury. In this connection I wish you would also indicate what amount of deficiency there would have been under the head of "Ordnance and ordnance stores," assuming that the projects which have been entered upon or approved with the approval of Congress had been carried out due to the continuation of the war.

Admiral EARLE. Yes, sir.

Major items under appropriations "Ordnance and ordnance stores."

Item.	Amount.	Estimated savings.
Allotments for labor and material to navy yards and stations.....	\$39,353,000	\$1,800,000
Target projectiles.....	8,633,500	2,198,900
Classified employees.....	6,925,000	
Fire control and optical instruments.....	6,819,800	
Marine Corps ordnance material.....	7,325,500	2,359,000
Purchase and manufacture of smokeless powder.....	4,200,000	
Equipment for naval stations and ammunition depots.....	2,148,200	
Improvements at ordnance stations.....	2,034,100	
14-inch railway and 7-inch tractor batteries.....	2,215,000	
Ordnance equipment for aircraft.....	1,379,700	
Total.....	81,233,800	6,357,900

Other cancellations and savings are in process to the fullest extent possible, and these will, it is believed, obviate the necessity of asking for further deficiencies under the appropriation "Ordnance and ordnance stores." It is not now possible to give exact figures as to the extent of such indicated further deficiency, depending as it does to a great degree upon emergency expenditures abroad chargeable to this appropriation. It appears probable, however, that it would have approximated \$10,000,000.

CONTINGENT, ORDNANCE.

The CHAIRMAN. You had under the head of "Contingent, ordnance," \$99,500. Are you going to spend all of that?

Mr. BYRNES. You stated you had an unobligated balance of \$29,188.41.

Admiral EARLE. That is taken up in the running expenses of our inspection of ordnance material in the districts, and it is rather difficult to say whether that will be sufficiently less to be worth mentioning.

Mr. BYRNES. Of what do your unpaid obligations consist, \$27,870?

Admiral EARLE. That just represents the expenses that occur from month to month in obtaining tools, measuring instruments, various chemicals, office furniture, etc., for the inspection force of the Ordnance Bureau.

Mr. BYRNES. Does that mean that you have obligated the department to the amount of \$27,870?

Admiral EARLE. Yes, sir; that is the actual condition.

Mr. BYRNES. And \$29,000 you estimate will be necessary to carry you through until July 1?

Admiral EARLE. To run the next eight months; yes, sir.

Mr. BYRNES. And you can not reduce that now?

Admiral EARLE. It is very difficult to say, sir.

Mr. BYRNES. You certainly will not have to buy any great amount of office furniture.

Admiral EARLE. No; we do not expect to buy any now because we are rapidly decreasing our force.

Mr. BYRNES. What other items does this include besides office furniture?

Admiral EARLE. It includes all office expenditures, paper, books, etc.

Mr. BYRNES. You will not need any increased expenditure for books from now until July 1?

Admiral EARLE. I can not say, sir. These things come up from time to time and day to day.

Mr. BYRNES. The \$27,000 obligation has been incurred during what time?

Admiral EARLE. During the two years?

Mr. BYRNES. Have you anything to show what you spent during the fiscal year July 1, 1918, under this item?

Admiral EARLE. We have not the information here, but it is available at the department. It has all been consolidated here in one table for the two years.

Mr. BYRNES. You do not know offhand what has been your annual expenditure under this item?

Admiral EARLE. No, sir. I should say with the way other things are we may be able to get along on \$15,000.

ORDNANCE REPAIR.

The CHAIRMAN. Ordnance repair is a little \$30,000 item, and you have only spent \$1,300 out of it.

Admiral EARLE. That is a guess. We never know what is going to happen on that. Sometimes they have a big thing and at other times they have very little. As you see, we have spent very little.

TORPEDO STATION, NEWPORT, R. I.

The CHAIRMAN. For the torpedo station, Newport, R. I., you got \$600,000; what was that for?

Admiral EARLE. \$300,000 for maintenance and \$300,000 for machinery.

The CHAIRMAN. You got \$400,000 in the last naval act, \$200,000 for torpedo factory, \$200,000 for general purposes, labor, material, care and repair of grounds, and then you got \$200,000 in the deficiency. did you not?

Admiral EARLE. No, sir; \$200,000 was in the act of March 4, 1917.

The CHAIRMAN. Have you bought that machinery?

Admiral EARLE. The major portion of it is bought, yes, sir. What we are trying to do is to be sure we are able to meet the increased number of torpedoes being used by destroyers; that is, keep them in repair. Of course, we have not by any means met this large destroyer program so far as actual torpedoes are concerned. We are trying to do that.

Mr. MONDELL. Under the item we have just been considering, torpedo station, Newport, you give the expenditure at \$274,000, unpaid obligations, \$207,000. What does that mean in this particular case? Is that a contract obligation?

Admiral EARLE. I think all of that is a contract for machinery.

Mr. MONDELL. That is a contract obligation, is it?

Admiral EARLE. Yes, sir; it is in a large number of contracts, but it is an obligation.

Mr. MONDELL. And an obligation that would have to be met unless you canceled the contracts?

Admiral EARLE. Yes, sir.

Mr. MONDELL. Have you investigated that item with a view to determining whether or not it would be wise to cancel the contracts?

Admiral EARLE. Yes, sir; that is for machinery that is needed in the factory to carry out its work in time of peace.

Mr. MONDELL. And that is an item of expenditure you think should be made without regard to peace conditions?

Admiral EARLE. It is being made in that way.

Mr. MONDELL. And your purpose is, if Congress gives you sufficient money, to carry that out with regard to peace conditions on the same basis you started it?

Admiral EARLE. Yes, sir.

NAVAL GUN FACTORY, WASHINGTON, D. C.

The CHAIRMAN. Now we come to the Naval Gun Factory at Washington. You have had \$10,500,000.

Admiral EARLE. Yes, sir.

The CHAIRMAN. Are you still going on with all the work you were doing there?

Admiral EARLE. I think we have only an unobligated balance of \$1,000,000, and this covers machinery for the Naval Gun Factory.

The CHAIRMAN. Are you going to have a fourth deficiency in this item? You have had three.

Admiral EARLE. No, sir; I hope not. There is not any deficiency coming.

The CHAIRMAN. Are you not going to save some money on this because of doing away with overtime?

Admiral EARLE. Practically all of this is machinery under contract. We would have to cancel the contracts and go out and get new bids, and I do not think we would save anything by doing that.

The CHAIRMAN. Part of this is work you are doing down there in the way of building construction, is it not?

Admiral EARLE. No, sir; this is for machinery. The buildings are practically all finished.

Mr. BYRNS. Is the \$7,000,000 of unpaid obligations actually contracted?

Admiral EARLE. Yes, sir. The buildings are all under Yards and Docks.

EXPERIMENTS IN ORDNANCE.

The CHAIRMAN. You have received under the head of experiments in ordnance, \$485,000. You have got \$301,000 absolutely left. You do not expect to need all of that?

Admiral EARLE. No, sir.

The CHAIRMAN. How much can you give up?

Admiral EARLE. There are four major items under that now. I should say that we would not need over \$175,000 on those items.

The CHAIRMAN. You mean you can cut that \$175,000?

Admiral EARLE. We can cut it \$125,000, leaving \$175,000, I think, sir.

The CHAIRMAN. In other words, you think of the \$300,000 which you have got free, you will only need half of it?

Admiral EARLE. I think we will need just about half.

FOR NEW BATTERIES FOR SHIPS.

The CHAIRMAN. For new batteries for ships in the Navy you have had \$235,809,098, of which \$20,000,000 is in the form of authorizations. Your table here estimates a saving of \$60,305,257. Has that \$20,000,000 of authorization been actually appropriated?

Admiral EARLE. No, sir; that would be added to that, if you wanted to put it in, and would make a total of \$80,000,000.

The CHAIRMAN. So by canceling that—

Admiral EARLE. That is what I say, that saving does not include the authorization of \$20,000,000 for which no funds have been appropriated.

The CHAIRMAN. Still, you could obligate the Government for that \$20,000,000; so we can take that \$20,000,000 back and \$60,000,000 more.

Admiral EARLE. Yes, sir; that is what that means.

CANCELLATION OF CONTRACTS.

DISCONTINUANCE OF SUNDAY AND OVERTIME WORK.

The CHAIRMAN. Now, how did you arrive at the determination of this \$60,000,000 that could be saved?

Admiral EARLE. This is brought about by cancellation of contracts or portions of contracts for guns, gun mounts, optical and fire-control instruments, and a lot of other small items. They can be grouped in four groups in this way: Guns, \$16,305,600; gun mounts, \$34,457,650; optical and fire-control instruments, \$3,529,407; miscellaneous items, \$6,012,600.

The CHAIRMAN. These batteries were to equip how many ships?

Admiral EARLE. They were to equip the sub. chasers and various craft, armed merchantmen, N. O. T. S. (naval overseas transport service) vessels, and we have canceled just as many of those guns and gun mounts as we could.

The CHAIRMAN. Yes; but you did not just do it blind. You did it on some theory or basis. Now, how many ships did you eliminate?

Admiral EARLE. We eliminated all the N. O. T. S. vessels, all the auxiliary vessels of the Emergency Fleet Corporation, the sub. chasers of the Navy, and all the Ford vessels that were not built.

The CHAIRMAN. What did you leave?

Admiral EARLE. We left the building program of destroyers.

The CHAIRMAN. Could you not put in here a statement as to the style of vessels for which these batteries were intended and the vessels that have been eliminated?

Admiral EARLE. Not any more than I have already given you, because we were given a certain number of vessels that were to be armed, and we made provision for getting the guns on those vessels. Now that number of vessels as a number has diminished, and it leaves us with the guns that are turned in from these other vessels, with guns sufficient for our destroyers and also some for merchantmen in case it should ever again be necessary to arm merchantmen: in other words, we have an excess.

The CHAIRMAN. What I want to do is to find out how much you have. Have you canceled all contracts that you could cancel?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What was the determining factor in what you could cancel and what you could not?

Admiral EARLE. The determining factor was whether or not it would be wasteful for the Government. For instance, if a certain part of the gun mount was just being finished, or if not finishing the gun mount would ruin the contractor by absolutely shutting him off that minute, then we went ahead.

The CHAIRMAN. Of course, ruining the contractor does not worry me so very much, because my experience is that he is ruined in theory very much oftener than he is in fact.

Admiral EARLE. In other words, we asked all contractors to assume normal commercial orders in their original lines of endeavor and contract dates for delivery of ordnance material, save only in specific cases, were not insisted upon. In other words, we allowed them to string it out in order to adjust their plant and their organization to other work. That was the second step. The first step was to discontinue Sunday and holiday work and to ask the contractor to stop in every way he could on all ordnance material. Then the bureau went ahead just as fast as possible adjusting all these contracts with the idea of causing a minimum loss to the Navy and to the contractor, authority being given for cancellation of contracts and for adjustment by the naval appropriation act.

The CHAIRMAN. The naval appropriation act contained what provision touching cancellations?

Admiral EARLE. That within six months after a treaty of peace all contracts made should be canceled or amended at the department's will, provided a common ground could be found upon which both the contractor and the department could agree that such reduction or cancellation was economical.

The CHAIRMAN. Of course, that does not apply——

Admiral EARLE (interposing). Then the contractor who refuses to take the department's ultimatum was to receive 75 per cent.

The CHAIRMAN. I understand that does not go into effect until six months after some date in the future?

Admiral EARLE. Yes, sir; at any time during the war and up to a date six months thereafter.

The CHAIRMAN. You use that authority now?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Under that authority you have given notice of the cancellations that have been made?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Has there been an agreement by the contractor with the Government in each instance or has he rested on his rights to come into court for an additional amount?

Admiral EARLE. We have had only one instance so far where he has come into court.

The CHAIRMAN. Involving contracts of what size?

Admiral EARLE. About \$3,000,000.

The CHAIRMAN. Who is the contractor?

Admiral EARLE. The Driggs Ordnance Co.

The CHAIRMAN. Where is that company situated?

Admiral EARLE. At Bridgeport, Conn.

READJUSTMENT OF PRICES TO BE PAID FOR MATERIAL PARTIALLY COMPLETED.

The CHAIRMAN. Has any effort been made to readjust the prices to be paid for material partially completed because of the elimination of overtime and Sunday and holiday work?

Admiral EARLE. Everywhere.

The CHAIRMAN. With what result?

Admiral EARLE. Resulting in great saving all along the line. That the subcontractors of the main contractors shall absolutely cease work after December 15 as the maximum on anything, and we will straighten the matter out with them. You see, the overtime and Sunday work was cut, I think it was, on the 7th of November.

The CHAIRMAN. That resulted in a tremendous reduction in cost to the manufacturer. Has the Government gotten the benefit of that reduction?

Admiral EARLE. Yes, sir; the Government is getting the benefit of that reduction in every way.

The CHAIRMAN. Did your contracts provide for that?

Admiral EARLE. No; they do not provide for anything except where the Government is going on a cost plus sort of contract. That does not affect many in ordinance.

The CHAIRMAN. The others were a fixed price for certain classes of material. That was true?

Admiral EARLE. Yes, sir.

The CHAIRMAN. When you had that price, do you still pay according to that price, or have they agreed to a reduction in the unit price because of the lessened cost through the elimination of overtime?

Admiral EARLE. We have gone into that very thoroughly, but you will find that the overhead has increased enough by cutting down the output to more than equal that.

The CHAIRMAN. You do not mean that?

Admiral EARLE. Practically so, sir. It is a very hard problem, and the one we are working on is to get a common ground to do that.

The CHAIRMAN. Then, as a matter of fact, your answer a while ago was erroneous in stating that there had been concessions made to the Government in cost by virtue of the abolition of overtime?

Admiral EARLE. I only recall absolutely one case in which we have had a big concession.

The CHAIRMAN. Do your contracts give you any leeway in that regard, or are you bound to pay the price which you agreed to pay?

Admiral EARLE. We are to pay the price agreed to unless we can get a reduction through negotiation with the contractor.

The CHAIRMAN. The cutting off of the overtime is simply of value to him and not to the Government.

Admiral EARLE. It would be, except because of his contract being shortened he loses his profit.

Mr. MONDELL. This is not the case of a cost-plus contract?

Admiral EARLE. No, sir.

The CHAIRMAN. Under your other form of contract, where you agree to buy at a fixed price, the cutting out of the overtime does not help the Government unless you get a concession on the price; it only helps the contractor?

Admiral EARLE. I do not think it helps him, unless we have to finish the whole contract.

The CHAIRMAN. You mean by eliminating a part of the contract you have thereby eliminated a prospective profit that he had and that is offset for him by getting the benefit of the overtime?

Admiral EARLE. There is one other item in there. In every case the contractors have bought a large number of tools, jigs, and fixtures, necessary on the supposition that they had to make a certain rate of production. In one contract the expenditure on that contract was over \$500,000 for tools which he would not have gotten at all, except for the fact that we had to have that material turned out on time. That is a waste to him, because he will have no use for it after the war.

SURPLUS BATTERIES.

The CHAIRMAN. If I understand, you are going to get more batteries than you can possibly use. You will have enough batteries from the ships that are disarmed and from the batteries that you are going to have to take which have been finished or practically finished to more than carry out your peace program and give you a reserve. So, that being true, the department ought to and presumably does desire to get rid of every contract in connection with new batteries that it can?

Admiral EARLE. Yes, sir.

The CHAIRMAN. And it has sought to do so?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What has been the determining factor to prevent it from doing so to the extreme that it is desirable?

Admiral EARLE. The determining factor has been when you had over 50 per cent of the material already on hand it seemed desirable to go on and finish the gun rather than to let that material go to waste.

The CHAIRMAN. Does it go to waste?

Admiral EARLE. Why not, sir?

GUN FORGINGS.

The CHAIRMAN. That raises a question that I wanted to ask you. Your gun forgings are available for other purposes besides making guns?

Admiral EARLE. What sort?

The CHAIRMAN. If for no other purpose the steel could again be made into new steel at a cost not anything like what it would be to make that steel from the beginning?

Admiral EARLE. I do not like to argue, but every time we have had it to do it has cost us more than to start with the base pig iron and go ahead and make it. For instance, none of this armor plate that is scrapped is of any practicable value.

The CHAIRMAN. Is that true of gun forgings; are not those forgings available for a good many other industries?

Admiral EARLE. Very few, sir.

The CHAIRMAN. Why?

Admiral EARLE. Because they are in the wrong shape in nearly all of the various stages of tempering to make them available. You have to cut them up and melt them over again in nearly every case.

The CHAIRMAN. Where you had a gun forging, if it was not desirable to scrap it, have you felt that it was necessary to go ahead and machine it into a gun?

Admiral EARLE. Not in every case. It depended on how far along it was. A large number of gun forgings we would take just as gun forgings and of course a large number of ingots that had not been forged at all we would take as steel and have to pay for, unless the company bought them back. Of course, those readjustments are going on all the time. In order not to make gun mounts, they have gotten a large number of parts, and it is simply taking those parts and storing them against a possible breakdown of the guns or of the mounts; they serve as replacements. In other words, they increase our stock of spare parts tremendously.

The CHAIRMAN. The \$60,000,000 plus the \$20,000,000 represents what you have actually been able to do as of this date in the way of contract authorization, does it?

Admiral EARLE. That practically represents what we have been able to accomplish up to the other night. Much of it is what we expect under negotiations which we have now.

The CHAIRMAN. It does not represent an actually accomplished fact, but an estimate of an accomplished fact?

Admiral EARLE. It is not an accomplished fact yet, but it is what we hope to meet.

CONTRACTS FOR NEW BATTERIES.

The CHAIRMAN. How many contracts did you have for new batteries?

Admiral EARLE. About 30 major contracts.

The CHAIRMAN. To what extent have you gone in your negotiations looking to the cancellation of these contracts by which you arrived at this figure?

Admiral EARLE. We have gone through practically every contract, and I think this represents very close to the final adjustment.

The CHAIRMAN. And you have covered the field?

Admiral EARLE. We have covered the field pretty well in these items.

FACILITIES CREATED.

The CHAIRMAN. Was any of this money used in financing any concern so as to enable them to furnish this material; creating any facilities?

Admiral EARLE. We created a great number of facilities since the war. If we had not, we would not have anything.

The CHAIRMAN. I want to know whether there are now any plans in process of being created in order to supply you with these facilities, and if so, what they are and what you are doing in connection with those plants.

Admiral EARLE. No plants. There were extensions of existing plants, but those extensions have been stopped.

The CHAIRMAN. There is no extension, then, going on?

Admiral EARLE. No, sir. The other thing is stopping these extensions that we had ordered.

The CHAIRMAN. You stopped every extension that was under way?

Admiral EARLE. Yes, sir; right away.

The CHAIRMAN. Absolutely?

Admiral EARLE. Yes, sir; absolutely.

The CHAIRMAN. Do you mean that literally?

Admiral EARLE. I mean that literally. We had only two big extensions in guns, and in mounts we had one. We stopped those right away.

The CHAIRMAN. Were they partially completed?

Admiral EARLE. Two were partially completed, but not enough so as to warrant any further steps being taken on them.

The CHAIRMAN. What were the conditions of your contracts in connection with the extensions?

Admiral EARLE. In nearly all cases we were buying the machinery and leasing additional floor space at these plants to put the machinery into.

The CHAIRMAN. What have you done with the machinery contracts?

Admiral EARLE. We have canceled as many as we could. For instance, one firm was under contract to double the rate of the number of guns. That has been stopped.

The CHAIRMAN. What you were doing was to take certain plants manufacturing guns and then to make physical extensions in the way of shop facilities?

Admiral EARLE. Yes, sir.

The CHAIRMAN. And were then going to equip the new shops with machines so as to enlarge the output?

Admiral EARLE. Yes, sir.

The CHAIRMAN. You canceled that contractual arrangement?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What have you done with regard to the machinery?

Admiral EARLE. The machinery has been canceled, everything has been canceled.

The CHAIRMAN. Some of the machinery, presumably, was finished or partially finished, and what rule have you followed, if any, in connection with that?

Admiral EARLE. We have an excess amount of machinery on hand. We have had to buy some of the machinery, but we have stopped that.

The CHAIRMAN. What will you do with that; or have you come to any determination?

Admiral EARLE. We have taken steps now to see whether the War Department or the Emergency Fleet Corporation will take any of it off of our hands—some of it which has been used for work on ships, shafting, etc. Practically all of the machines that we bought could be used that way.

The CHAIRMAN. Have you done anything looking to getting the company for whom the machinery was destined to purchase it?

Admiral EARLE. Yes, sir; in most instances that company does not want it, because we may not give them a contract for guns which would cover it.

The CHAIRMAN. It might be that the machinery, however, was adaptable for other work which they might do as peace work.

Admiral EARLE. The small machinery we can get rid of all right; it is the big lathes that we can not get rid of, such as turning guns

and shafting machinery. That for making breech mechanisms we are gradually getting rid of.

The CHAIRMAN. The Army is continuing to build its Watervliet plant, and have you undertaken to furnish them with data as to what machinery you have which would be available for that purpose?

Admiral EARLE. Yes, sir; of course, that is one of the places that we naturally looked to.

The CHAIRMAN. Has anything come of it?

Admiral EARLE. I do not think so yet.

The CHAIRMAN. You say that you do not think so yet. What happens when you approach them? Do they say "yes" or "no" or take any action?

Admiral EARLE. Yes; they do in the course of time. It is a pretty long list of machinery, and it takes them some time to go over it and see what they want. Some of this machinery will go to our own plants if we can not get rid of it otherwise. We hope that the Army can take some of it at Watervliet and Watertown and at its other arsenals.

Mr. MONDELL. Admiral, what proportion of the expenditures for new batteries for ships of the Navy constitute contract items?

Admiral EARLE. It all constitutes contract items if we consider our order to the Naval Gun Factory, etc.

Mr. MONDELL. I am not so considering navy yard work when I ask that; I mean contracts to private parties.

Admiral EARLE. I have not any figures here that show that.

Mr. MONDELL. Do you know approximately?

Admiral EARLE. Yes; I know very closely; \$1,472,000. That represents our navy yard work.

The CHAIRMAN. Then approximately \$58,000,000 of this unobligated balance represents work to be done by contract?

Admiral EARLE. Yes, sir; that is about it.

TUESDAY, DECEMBER 10, 1918.

TORPEDO APPLIANCES.

The CHAIRMAN. Admiral, the next item you have on the sheet here is one of "torpedo and appliances," for which you had appropriated \$22,291,280, and of which you have expended as of November 1, \$3,198,801.13, leaving an unexpended balance of \$19,092,478.87, and then you estimate that you have existing obligations unpaid in the further sum of \$7,150,090.23?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Which would leave under the rather misleading title that you use here of "unobligated balance" \$11,942,088.64, and you indicate that none of this can be spared. How much of the nearly \$12,000,000 is obligated in any true sense of the term?

Admiral EARLE. A little over \$2,000,000 is obligated in the true sense of the term. I am desirous of putting in the last column "estimated savings," \$7,000,000 leaving \$4,942,588.64 to cover contracts which I have.

The CHAIRMAN. Are all of your unpaid obligations constituting \$7,150,000 of such a character as that they will have to be met in their entirety?

Admiral EARLE. We do not get rid of any of that.

The CHAIRMAN. Because you do not want to or because you can not?

Admiral EARLE. We are behind on the torpedoes, not up to the allowance of torpedoes per ship.

The CHAIRMAN. If you are permitted to expend all of this \$22,000,000 except \$7,000,000, which would mean an expenditure of \$14,250,000, what condition will that put you in in regard to the torpedoes?

Admiral EARLE. That will cover what contracts I have out, that will cover the torpedoes for the destroyer program.

The CHAIRMAN. It will give you all the torpedoes you should have at this time for the active ships?

Admiral EARLE. Those are all replacement torpedoes and that gives all I need at present.

The CHAIRMAN. To replace torpedoes.

Admiral EARLE. To replace those lost and damaged.

The CHAIRMAN. Does it give you more than that?

Admiral EARLE. No, sir; not according to the figures that we have.

The CHAIRMAN. Apparently that means that you will carry out all existing contracts for torpedoes under this item?

Admiral EARLE. Yes, sir.

The CHAIRMAN. How necessary is it to have them?

Admiral EARLE. It is necessary if we are to have any torpedoes to use in the battle fleet and in the destroyer flotilla.

The CHAIRMAN. This is simply a replacement item, a maintenance item?

Admiral EARLE. Absolutely so. We can not furnish them enough torpedoes at target practice without it.

The CHAIRMAN. I am not questioning the fact, but I am simply trying to ascertain the fact. If I understand you, it will take all but \$7,000,000 of this money in order to replace the torpedoes which constitute the initial supply for ships commissioned in the Navy?

Admiral EARLE. Yes, sir.

The CHAIRMAN. In active commission in the Navy?

Admiral EARLE. Now, yes, sir. Of course, we can not tell how many are going to be in reserve; by that I mean naval vessels.

RESERVE ORDNANCE SUPPLIES.

The CHAIRMAN. Your next item is for reserve ordnance supplies, and you have had for that purpose \$145,417,460, and you have spent as of November 1 \$60,989,040.75, leaving an unexpended Treasury balance of \$84,428,419.25, and you estimate that there are existing unpaid obligations of \$54,381,250.65, leaving what you again designate as an unobligated balance of \$30,047,168.60.

Admiral EARLE. Yes, sir.

MINES, NETS, EXPLOSIVES, AND AIRCRAFT BOMBS, RAILWAY MOUNTS.
ETC.

The CHAIRMAN. This covers all manner of ordnance supplies?

Admiral EARLE. It covers principally mines, nets, explosives for the same, and aircraft bombs.

The CHAIRMAN. You have more mines and more nets scattered around the world than you know what to do with, have you not?

Admiral EARLE. Indeed we have; yes, sir.

The CHAIRMAN. If I understand you, Admiral, the major items for which this money is expended are nets, mines, and explosives and aircraft bombs?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Can you divide roughly the \$145,000,000 into those four classes?

Admiral EARLE. I could give you a statement showing exactly what has been spent.

The CHAIRMAN. I do not mean just what has been spent; but you got \$145,000,000 practically for these purposes, and I want to know just in a rough way how much of that was intended for mines and how much for nets and how much for bombs and how much for explosives.

Admiral EARLE. The railway mounts are also included in that; that is, the 14-inch guns. The North Sea barrage was taken entirely from that appropriation.

The CHAIRMAN. That cost how much?

Admiral EARLE. \$48,275,000.

The CHAIRMAN. And that, of course, has been expended?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What recovery will you make from that?

Admiral EARLE. We will make recovery of the mines that have not actually been planted, and that is practically all.

The CHAIRMAN. The mines that have been planted can not be recovered?

Admiral EARLE. Indeed they can not, sir. They are the most wicked things ever invented. There is only one nation besides ours that knows what they are, and that is England. It is impossible to recover them and they are not intended to be.

The CHAIRMAN. They will simply be exploded so as to clear the sea?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Was there a net that went with them?

Admiral EARLE. No, sir; we did not put a net there because that was impracticable. It is really a net of mines that we have put across there. There is no connecting wire horizontal lines, or anything of that sort.

The CHAIRMAN. So that \$48,000,000 is chargeable to profit and loss for the war and is gone?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What constituted the other \$13,000,000, approximately, of expenditure up to November?

Admiral EARLE. The biggest other items were aircraft bombs and the naval railway battery in France. Those are the two major items.

The CHAIRMAN. How many of them were there?

Admiral EARLE. There were five guns actually firing on the front.

The CHAIRMAN. But how many carriages did you build?

Admiral EARLE. Five.

The CHAIRMAN. Did you have any reserve carriages?

Admiral EARLE. For the Army we had orders to build six more and we did build six and finished them; and then for the Navy itself we had orders for five more, of which we built only two, so we actually built 13 in all.

The CHAIRMAN. Were you reimbursed by the Army for the ones you built for them?

Admiral EARLE. Not yet, sir.

The CHAIRMAN. Is the expenditure for them carried in this item?

Admiral EARLE. The expenditure was out of this item.

COST OF RAILWAY CARRIAGES.

The CHAIRMAN. What did your railway carriages cost?

Admiral EARLE. The gun car cost \$100,594.47; that is the car on which the gun was mounted.

The CHAIRMAN. Then you have a claim against the Army of \$630,000, roughly?

Admiral EARLE. More than that, because we furnished them ammunition cars. It amounts to about \$800,000, I should say.

The CHAIRMAN. Did you consider that amount of money in estimating the cut you could make here?

Admiral EARLE. No, sir; I am not so sure that we are going to get that from the Army. It requires a special act of Congress and is simply a matter of bookkeeping.

The CHAIRMAN. As I recall now, there was a provision carried in the fortifications bill that naval armament, etc., should be furnished without cost.

Mr. WERUTZ. They have interpreted that provision to mean that what was obsolete was to be turned over without cost and that serviceable material could only be paid for, under their interpretation, when they came in and got a special grant of funds to cover such purchases from the Navy.

Admiral EARLE. That is the way it reads, obsolete for naval purposes, no reimbursement; but all naval material that may be necessary is authorized to be transferred from the Navy Department to the War Department and to obtain reimbursement it is necessary to go to Congress.

The CHAIRMAN. Of your eighty-four million four hundred and odd thousand dollars of unexpended balance you have an estimate of unpaid obligations of \$54,381,250. What makes up that total?

Admiral EARLE. I will have to get the exact figures. I could not tell you offhand.

CANCELLATION T. N. T. AND DEPTH CHARGE, ETC., CONTRACTS.

The CHAIRMAN. How did you arrive at your determination that you could cut this item \$42,620,000? There must have been some basis on which that figure was arrived at.

Admiral EARLE. Yes, sir; we took all the orders of cancellation and went over the entire thing.

The CHAIRMAN. A large part of this unpaid obligation that you estimate is made up of contracts for T. N. T. explosive, is it not?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Can you give me roughly, and correct it in the record later, just the extent of those contracts?

Admiral EARLE. Roughly, the cancellation is \$19,800,000.

The CHAIRMAN. Now, what has been the limiting factor on the extent of cancellation that you could make?

Admiral EARLE. We have canceled on the T. N. T. contracts everything up and above what we needed for shell; that is, we have either canceled or have in the way of canceling up and above what we need for actual work.

The CHAIRMAN. Because you have got shell you do not need to provide for the explosives that go in those shell?

Admiral EARLE. Not necessarily so.

The CHAIRMAN. Is it desirable to do it, in view of the fact that your explosives are costing you tremendously more than they will cost in normal times?

Admiral EARLE. We are trying not to and we are getting rid of everything we possibly can.

The CHAIRMAN. Then I misunderstood your answer. I understood you to say that you were canceling all your T. N. T. contracts, except as you needed the explosives for shell you had to take; at least that is the way I interpreted it.

Admiral EARLE. We hope we will only take explosives in very small amounts. I have not the total amount of contracts we have here or the amount, but we expect to have on our hands that we could not cancel approximately 10,000,000 pounds of T. N. T.

The CHAIRMAN. What is it costing you?

Admiral EARLE. 42 cents.

The CHAIRMAN. That would indicate \$4,200,000 worth, and you have canceled \$8,000,000 worth, which would indicate then that your contracts had called for something over \$16,000,000.

Admiral EARLE. Yes, sir.

The CHAIRMAN. Did you buy a lot of shell out of this appropriation?

Admiral EARLE. No, sir.

The CHAIRMAN. What is the other big item besides T. N. T. that goes to make up this large figure of \$54,000,000?

Admiral EARLE. I do not know of any other except that one and depth charges.

The CHAIRMAN. You must have a tremendous number of small items to run it up to \$54,000,000.

Admiral EARLE. Yes, there are a lot of small items.

The CHAIRMAN. Is your \$30,000,000, which you have put under the head of unobligated balance, a free balance in the true sense of that word?

Admiral EARLE. The only statement we have here that we have been able to get so far in reference to that is that we have contracts for \$7,578,873.10 which have not been taken up, and that is against that unobligated balance. Out of this \$30,000,000 we are giving up \$21,000,000 right away.

The CHAIRMAN. That would seem to imply that there was about \$9,000,000 of that \$30,000,000 that you did not have obligations against.

Admiral EARLE. Yes, sir; the total amount of obligations against that actually now is \$7,578,873.10, which leaves us \$1,422,000 to work on adjustments on those contracts. That is all we have left under that appropriation to work on.

The CHAIRMAN. If I understand your proposition, then, you have \$54,000,000 of unpaid obligations and you expect to be able to readjust those so as to save \$21,000,000 out of that?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Then of your \$30,000,000 that you spoke of as unobligated, it is only unobligated in the sense that the obligations have not been accurately ascertained as such?

Admiral EARLE. Yes, sir.

The CHAIRMAN. In other words, it is a little less tied than your \$54,000,000?

Admiral EARLE. Yes, sir.

The CHAIRMAN. And of that there is perhaps \$21,000,000 that is not tied at all?

Admiral EARLE. Yes, sir.

The CHAIRMAN. And there is \$9,000,000 you think you will have to pay out; in other words, there is \$7,000,000 you feel sure of, and you leave yourself a leeway of a million and odd dollars in the adjustment of that \$7,000,000?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Now, if that be the situation, do you not think that of your \$54,000,000 you ought to be able to do better than simply to save \$21,000,000? Can you not cancel more than that?

Admiral EARLE. I have been over it very carefully, and I do not see where we can, sir.

The CHAIRMAN. If we were to take \$50,000,000 away from you, leaving you as an unexpended balance \$34,000,000, would you not be able to clean up on that?

Admiral EARLE. No, sir; I certainly would not, in any way.

The CHAIRMAN. By your own statement you have \$42,600,000, and then you have nearly \$2,000,000, which you are holding as a sort of safety fund to take care of \$7,000,000 worth of contracts?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Well, how about \$45,000,000?

Admiral EARLE. I do not see where it is coming from, I am sure.

The CHAIRMAN. Is the thing that is limiting you your ability to cancel or the desirability of canceling?

Admiral EARLE. We want to cancel everything we do not absolutely need.

The CHAIRMAN. Touching this particular item, is the limiting factor what you can cancel; that is, what you can get the contractors to relieve you from due to conditions of work, etc., or is it that you desire to get a certain amount of this material irrespective of cancellations?

Admiral EARLE. Our limitation in this item is what we can get canceled by the contractors. It may come out more than we have given you here.

Mr. MONDELL. You are desirous of canceling under this item of appropriation all contracts it is practicable to cancel, are you?

Admiral EARLE. Yes, sir; every one.

CONTINGENT BUILDING FUND.

Mr. EAGAN. "Contingent building fund," the total amount appropriated, including authorizations, is \$10,000, your expenditures to November 1, 1918, were \$6,152.74, and your unexpended balance on the 1st of November was \$3,847.26?

Admiral EARLE. I guess we can get along without that.

Mr. MONDELL. What do you use that item for?

Admiral EARLE. Building at navy yards, magazines, stations, etc.

Mr. MONDELL. Is it a repair fund?

Admiral EARLE. It is usually used entirely for some small buildings. You can not make much of a building with that amount of money. For instance, you want a filling house in order to keep a man out of danger while loading a shell, and we use that fund.

ANTI-AIRCRAFT GUNS AND AMMUNITION AT NAVAL STATIONS.

Mr. EAGAN. "Antiaircraft guns and ammunition at naval stations," the total amount appropriated, including authorizations, is \$3,800,000. You have expended to November 1, \$2,338,541.91, leaving an unexpended balance of \$1,461,458.09; your unpaid obligations on November 1 amounted to \$1,454,829, and your unobligated balance on November 1 was \$6,629.09?

Admiral EARLE. I should like to keep that, if I could.

Mr. BYRNES. What does your item of unpaid obligations, \$1,454,829, consist of?

Admiral EARLE. That is for guns and ammunition, the 3-inch, fifty.

Mr. BYRNES. You have contracted for them, or they are in process of construction?

Admiral EARLE. That means contracts.

Mr. BYRNES. You can not cancel any of those contracts?

Admiral EARLE. No.

Mr. BYRNES. Why?

Admiral EARLE. They are too far along; almost finished.

Mr. BYRNES. Is that true of all of them?

Admiral EARLE. All of that item; there is only \$6,000 left.

Mr. BYRNES. All of those contracts are in the process of development so far that you can not cancel any of them?

Admiral EARLE. Not in that item; no, sir. That appropriation began away back in March, 1917. There has been nothing appropriated since.

Mr. MONDELL. Is that entirely a contract item?

Admiral EARLE. The unpaid obligations; yes, sir.

Mr. MONDELL. You think that you can not cancel those contracts, or you are of the opinion that you ought to obtain the material and guns provided for?

Admiral EARLE. Yes, sir.

Mr. MONDELL. Is that upon the theory that you can not or that you ought not to?

Admiral EARLE. Practically all the guns are finished under that contract; we could not cancel any of them. We should have the guns, because they were allotted by a specific act of Congress for certain naval stations. We are carrying that out.

Mr. MONDELL. In any event, whether you should have them or not, you think in all cases those contracts are so far advanced that they could not be equitably cancelled?

Admiral EARLE. Yes, sir; only \$6,000.

Mr. EAGAN. You would not cancel them even if they could be cancelled?

Admiral EARLE. No, sir; we do not want to.

Mr. MONDELL. On what theory, that without regard to war conditions you need all of the antiaircraft guns and ammunition that you estimate?

Admiral EARLE. There was a policy adopted of having a certain number of antiaircraft guns at naval stations. We ordered them and they are practically all finished. There is only \$6,000 remaining.

Mr. MONDELL. Only \$6,000 which is not obligated?

Admiral EARLE. That means that the contracts are so far along that you could not stop them without a great loss to the Government.

Mr. BYRNES. It does not mean that at all, because the contracts might have been entered into a month ago.

Admiral EARLE. I want to show you that three contracts were entered into March 21, 1917, and one contract April 2, 1917.

Mr. BYRNES. Those four contracts make up this item?

Admiral EARLE. They make up the gun part. The contracts for the ammunition part are of about the same date.

Mr. EAGAN. What is the total of the gun contracts, Admiral?

Admiral EARLE. \$2,130,000.

Mr. EAGAN. And the ammunition the balance?

Admiral EARLE. The ammunition amounts to the rest of it.

Mr. BYRNES. According to that, your gun contracts would amount to more than your unpaid obligations; the figures do not agree.

Admiral EARLE. I have not that data with me, but a considerable part of these contracts have been paid.

Mr. EAGAN. Even if you had not almost finished these contracts, you would go on and finish them anyhow?

Admiral EARLE. Yes, sir.

INCREASE OF THE NAVY—AMMUNITION.

Mr. EAGAN. Increase of the Navy, ammunition, the total amount appropriated including authorizations is \$61,072,733. You have had no expenditures up to November 1, 1918?

Admiral EARLE. That is right.

Mr. EAGAN. Your unexpended balance is \$61,072,733?

Admiral EARLE. Yes, sir.

Mr. EAGAN. The unpaid obligations to November 1 amount to \$26,137,288.68, and your unobligated balance \$24,935,444.32.

Mr. BYRNES. Why can not you save something out of that item?

Admiral EARLE. You can save it all if you do not want to supply the ammunition for the battleships that you are building.

Mr. BYRNES. Do you think that you need all that amount for ammunition?

Admiral EARLE. That is what we are ordered to provide.

Mr. BYRNES. Upon what basis is that?

Admiral EARLE. That is based upon the building program of battleships and battle cruisers.

Mr. BYRNES. The present program?

Admiral EARLE. Yes, sir.

Mr. BYRNES. Up to July 1 you will need not only what you have obligated, \$26,137,288.68, but you ought to spend \$24,935,444.32 between now and July 1?

Admiral EARLE. Not necessarily; no, sir. That does not mean that we will spend it between now and the 1st of July.

Mr. BYRNES. What do you intend to do?

Admiral EARLE. We intend to spend it so we will have the ammunition ready by the time the ships are built. This program is a three-year program.

Mr. MONDELL. This item, so far as the \$24,000,000 is concerned, is predicated on the naval program of the future?

Admiral EARLE. No, sir; on the present naval program, a certain number of battleships, battle cruisers, scout cruisers, gunboats, and destroyers building.

Mr. MONDELL. As I understand, you received this appropriation of \$61,000,000, including authorizations, as a war appropriation?

Admiral EARLE. No, sir; never; not a war appropriation. That is a peace time appropriation pure and simple. That is the building program, nothing else.

Mr. BYRNES. When was the appropriation made?

Admiral EARLE. Increase of the Navy, ammunition, \$14,528,043 was made March 4, 1917.

Mr. BYRNES. You mean to say that it was not intended to cover your expenditures for the fiscal year ending July 1, 1918?

Admiral EARLE. Because of the war we did not finish the project, because we had to go on with small guns and small ammunition.

Mr. BYRNES. Is this to be spent for guns for vessels now building?

Admiral EARLE. For ammunition for vessels now building.

Mr. BYRNES. By ammunition you mean guns?

Admiral EARLE. No, sir; just the powder and shell.

Mr. BYRNES. You do not intend to expend this money by July 1?

Admiral EARLE. We did intend to, but I doubt very much if we can now. I mean actually pay it out of the Treasury.

Mr. BYRNES. If you pay out what you have contracted for. \$26,000,000, that will about cover your actual expenditures to July 1?

Admiral EARLE. That is a pretty tough question for me to answer.

Mr. MONDELL. I understand you to say, with regard to this \$61,000,000 appropriation and authorization for ammunition for the increase of the Navy, you view that as a supply and reserve for the Navy and the naval program without regard to war conditions?

Admiral EARLE. Yes, sir.

Mr. MONDELL. That having spent none of it, but having unpaid obligations of \$26,000,000, and \$24,000,000 remaining unobligated you would, if you could, spend it during the balance of this fiscal year, but you do not think that you will be able to do it?

Admiral EARLE. That is it; yes, sir.

Mr. MONDELL. You do not think that you will be able to get the ammunition?

Admiral EARLE. No, sir.

The CHAIRMAN. There is no reason why we should not cover it into the Treasury?

Admiral EARLE. Provided it is reappropriated in the next naval appropriation bill?

Mr. EAGAN. The total of your unpaid obligations and unobligated balance is about \$51,000,000; how about the other \$10,000,000?

Admiral EARLE. There has been a mistake in the Bureau of Supplies and Accounts.

NOTE.—This is found to be simply a mistake in typing the amount of the unobligated balance, which should read \$34,935,444.32 instead of \$24,935,444.32.

ARMOR AND ARMAMENT.

The CHAIRMAN. Admiral, you have an item under the increase of the Navy, armor and armament, of \$140,551,064. What is this intended for?

Admiral EARLE. This is intended for the armor and the guns for the building program, increase of the Navy.

The CHAIRMAN. Let us get it a little more definitely. Is this intended exclusively for the armor and armament of those types of ship that have been authorized and will be built irrespective of the fact that we are now at peace?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Exclusively?

Admiral EARLE. Exclusively.

The CHAIRMAN. Was any of it intended for ships that are now going to be discarded?

Admiral EARLE. No, sir.

The CHAIRMAN. Is any of it intended for these chasers?

Admiral EARLE. No, sir; they are all under "new batteries." So far as I could go under this item, there is only an estimated saving of \$1,714,750 due to the fact that certain guns that were on merchantmen will be used on these ships. That is where that estimated saving comes from.

5-INCH GUN.

The CHAIRMAN. Have you taken into contemplation all of the guns and other matériel that you can thus get from merchant ships or ships that are going to be disarmed?

Admiral EARLE. Yes, sir; we have gone over it very carefully, and that is where that \$1,700,000 comes from.

The CHAIRMAN. That represents what type of gun?

Admiral EARLE. The 5-inch gun.

The CHAIRMAN. How many?

Admiral EARLE. That represents practically all the 5-inch guns that we use on those ships.

The CHAIRMAN. Have you considered at all whether any guns that the Army will have would be available for any of your armament?

Admiral EARLE. No, sir; I know nothing about what they will have. There have been no naval guns built by the Army.

The CHAIRMAN. I understand that, but a gun does not cease to be a serviceable gun just because it is not built by one particular service.

Admiral EARLE. You remember very well, I suppose, the difficulties other navies encountered by having the army build their guns. These guns are not suitable for use on naval vessels, any one of them I have seen.

The CHAIRMAN. Why not?

Admiral EARLE. They are an entirely different type of gun in every way, shape, and manner. I have never seen an army gun that was suitable for a naval vessel yet.

The CHAIRMAN. You would not go quite that far, would you?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Well, for instance, there are the antiaircraft guns that the Army builds and you people could use them without any damage.

Admiral EARLE. I have plenty of antiaircraft guns myself.

The CHAIRMAN. That may be, but I am just checking your very broad and sweeping statement, Admiral.

Admiral EARLE. If you are going to change the armament of the vessels, then you can take anything. It depends upon what the department, as a department, decides will be the armament of these vessels.

The CHAIRMAN. I have not expressed a desire or an intention.

Admiral EARLE. If they want to use the Army 6-inch gun, which is not as high powered as the Navy 6-inch gun, well and good. That is for them to decide, not me. If they want to use the Army 4.7 or the Army 5-inch guns, which are not comparable to the same calibers of the Navy, well and good; or the Army 8-inch or the Army 16-inch, but they are entirely different.

Mr. BYRNES. What is the difference, and what is the objection to them?

Admiral EARLE. They are entirely different guns. They have a different muzzle velocity and shoot a different weight shell. We have to have all our batteries alike so we can hit when we fire a broadside. We want long-range, high-velocity guns and the Army as a rule has been building short-range, low-velocity guns.

Mr. BYRNES. Do you know that they have no long-range, high-velocity guns?

Admiral EARLE. I know of none except the 7-inch 45-caliber that we gave them during this war, which they mounted on railway trucks and kept in the United States. They have no 14-inch guns because we gave them all the 14-inch guns they have.

AMMUNITION FOR SHIPS OF THE NAVY.

The CHAIRMAN. Admiral, your next item is ammunition for ships of the Navy, \$3,500,000. You do not seem to have spent any of this. What is the reason we should not take that back? You seem to have obligated most of it. What character of ammunition is this?

Admiral EARLE. This comprises all types, from 1-pounder up to 14-inch.

The CHAIRMAN. How did you happen to have a very small item like this?

Admiral EARLE. That is an appropriation that has been dropped. That was made way back in 1917.

The CHAIRMAN. You have more 5-inch guns and more ammunition for them than you have any use for. Why do you need to spend this money except to the extent you are tied up by contracts?

Admiral EARLE. That is all we anticipate, but we are tied up by contracts.

The CHAIRMAN. Have you undertaken to cancel any of those contracts?

Admiral EARLE. I think we have undertaken to cancel all that we could, but these are old contracts, made way back in March, 1917, and are practically finished and out of the way.

The CHAIRMAN. Then how comes it that you have not paid for any of it?

Mr. MONDELL. Why have you not been securing deliveries?

Admiral EARLE. I imagine a good deal of that is for 14-inch guns and we had the manufacturer put that powder aside in order to get the capacity of the powder plants for 5-and 4 inch.

The CHAIRMAN. I do not understand just what you mean.

Admiral EARLE. That was ammunition for 14-inch guns and a great deal of it we had to get the contractors to put to one side in order to have other calibers made.

The CHAIRMAN. Are you going to cancel those contracts?

Admiral EARLE. No, sir.

The CHAIRMAN. You say they have been delayed and not entered into until recently because of the need for other kinds of work—

Admiral EARLE. No, sir; I think you misunderstood me. I said the contracts were made a long while ago and as I remember it, they were mostly for 14-inch caliber of powder. Then when the demand came for powder of other types, we had to tell the manufacturers not to make 14-inch powder but to go to 5-inch and 4-inch on other contracts.

The CHAIRMAN. Have you not more 14-inch powder than we ought to have?

Admiral EARLE. I believe we have not at the present time.

Mr. MONDELL. Of course you could get 14-inch powder under this very large item we have just passed.

Admiral EARLE. That is mostly for 16-inch powder, ammunition for the building program, increase of the Navy.

The CHAIRMAN. But the thing I do not understand is that you have always gotten as a regular policy the money you needed for ammunition which includes powder for the ships as you commission them.

Admiral EARLE. Yes, sir.

The CHAIRMAN. And the testimony, as I recall, showed that you had 100 per cent, and 100 per cent reserve, and a 100 per cent reserve on that.

Admiral EARLE. I think we explained to you that that was what we tried to get.

The CHAIRMAN. No; that is what you had.

Admiral EARLE. No, sir; not for all guns.

The CHAIRMAN. All guns on your ships that were in commission.

Admiral EARLE. No, sir; we haven't it yet for our 14-inch guns. We are supposed to but we have not got it.

The CHAIRMAN. There is no reason why the powder that the Army has should not be used by you gentlemen, is there?

Admiral EARLE. We can regranulate it, but it costs to regranulate within 10 cents on a close estimate of the other.

The CHAIRMAN. What are you paying for powder now?

Admiral EARLE. We are paying from 47½ cents to 52 cents, and it cost us last year 24.2 cents to regranulate it.

The CHAIRMAN. It will not cost that much now, and even if it did cost that much, would it not be better to do that than to buy new powder at 50 cents?

Admiral EARLE. It shows up fairly well on ballistic work, but I do not consider it as good powder as the other powder. We generally use our reworked powder up in target practice.

The CHAIRMAN. The Navy and the War Departments make the same powder and buy it from the same people.

Admiral EARLE. But when you take the Army powder and regranulate it, we are using that sort of powder for target practice.

Mr. BYRNES. That is about all the use you are going to have for powder in the immediate future, because you are not going to have anybody to shoot at.

The CHAIRMAN. Why do you have to regranulate it if you simply make new calculations for your ballistic?

Admiral EARLE. The whole muzzle velocity and the interior ballistic elements are dependent on the granulation of your powder and they are dependent upon the size of the gun and the powder chamber. For instance, you can not use 5-inch powder in a 14-inch gun, nor can you use 12-inch powder in a 14-inch gun and get within the limit of the pressure of your velocity.

The CHAIRMAN. Could you not get powder for certain caliber Army guns that would be so close to the powder that you would use for different caliber Navy guns as to be usable?

Admiral EARLE. There may be some of that, but I do not know. Of course, if there is we can get it from the Army.

The CHAIRMAN. Admiral, is there going to be any effort on the part of the services to really use that sort of material?

Admiral EARLE. I think I explained yesterday that we are trying very hard to get together and find out what each one has.

The CHAIRMAN. In the meanwhile you are going ahead and spending all you have got for ammunition?

Admiral EARLE. No, sir.

The CHAIRMAN. You are expecting to spend all the money for powder that you got for powder?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Do you think that is wise?

Admiral EARLE. Personally, from the small experience I have had in the Navy, I think it is wise.

The CHAIRMAN. You have never tried anything else?

Admiral EARLE. Yes, sir; and we have experience of others. I was one of the first or the first to regranulate powder. Up to that time it had never been considered possible, but I realize the limitations of it very well. I also realize that it is not as stable and that it is not as wise to use that powder as it is to use the other powder. You have subjected it to violent chemical treatment twice, whereas with the other powder you only treated it once.

PROJECTILE PLANT, CHARLESTON, W. VA.

The CHAIRMAN. Then you have an item for a projectile plant for which you had \$1,375,345. What character of plant is this, where is it, and what is its condition?

Admiral EARLE. It is located at Charleston, W. Va., on the Kanawha River, and it is operated at the present time and has been operating since June. We are a little short of money but that comes from the fact that we used some stock in manufacture and charged it to the building of the plant, so by readjustment we will come out even.

The CHAIRMAN. What is the plant going to cost you?

Admiral EARLE. It has cost \$2,080,956—the total amount appropriated. That is what it has actually cost.

The CHAIRMAN. What character of projectile do you make there?

Admiral EARLE. We built it to manufacture armor-piercing projectiles for 20 inch to 14 inch. Of course, we can make anything down to 10 inch, but the principal projectiles we wanted it for were 16 and 14 inch calibers. At the time we built it, as you remember, we could not get satisfactory shell from private manufacturers, and the only way to get them was for the Navy to go to work and build its own projectile plants and assure the character of its projectiles, because then the outside firms would come right up to us.

The CHAIRMAN. This is to be a permanent plant?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Is it of permanent construction?

Admiral EARLE. Oh, yes; it is permanent in every way.

The CHAIRMAN. What is its capacity?

Admiral EARLE. Fifteen thousand tons of steel per annum. It was used also for making destroyer shafting during the war, because it was difficult to find places to make the shafting.

ARMAMENT AND AMMUNITION FOR COAST GUARD CUTTERS.

The CHAIRMAN. The next item is: "Armament and ammunition for Coast Guard cutters, \$159,000." Are you going to spend that?

Admiral EARLE. That statement shows we have left \$79,574 and we will turn that in.

Mr. BYRNES. You have \$74,000 of unpaid obligations. Are those contracts in such shape that you have to pay them all?

Admiral EARLE. Yes, sir.

AMMUNITION FOR VESSELS.

The CHAIRMAN. Then you have an item of \$202,330,508 for ammunition for vessels, of which you have expended as of November 1, \$87,345,588.54, leaving an unexpended balance in the Treasury of \$114,984,919.06, of which you state that you anticipate now as unpaid obligations \$79,590,372.91 and an unobligated balance of \$35,394,546.15. Is that for all character of ammunition?

Admiral EARLE. That was for all classes of vessels—mostly for 3-inch, 4-inch and 5-inch calibers of guns.

Mr. MONDELL. Is this your current ammunition item, as distinguished from the ammunition for the naval program?

Admiral EARLE. This is for the vessels in the service of the Navy and not the increase of the Navy.

Mr. MONDELL. It is a war appropriation?

Admiral EARLE. Yes, sir; practically all of that amount was due to the large demand for ammunition required by the war.

The CHAIRMAN. You had when the war broke out 300 per cent of ammunition for your guns?

Admiral EARLE. I do not think so, Mr. Chairman.

The CHAIRMAN. It was testified to here, Admiral, that you had your initial supply, a reserve of 100 per cent and a reserve on that.

Admiral EARLE. I think it was testified, Mr. Sherley, that we had been trying to get a reserve of 100 per cent, but when the war began we decided to bring it up another 100 per cent, and in addition to that another one-fourth. All this money has been used for that ammunition.

The CHAIRMAN. I would like to know just exactly the condition of your ammunition supply.

Admiral EARLE. For some guns we have the 300 per cent and for other guns we have not.

The CHAIRMAN. I would like to know it more definitely than that. This is a tremendous item, and why we should continue to spend this money for ammunition for existing ships in the fleet, I do not quite see.

Admiral EARLE. That statement would be a rather big undertaking, but of course we can get it.

The CHAIRMAN. And it is a big sum, Admiral, and we ought not to be spending this tremendous amount of money for additional ammunition for the Navy unless there is some positive reason for it.

Admiral EARLE. We have estimated we can cancel \$11,000,000 of that.

Mr. BYRNES. How about the unpaid obligations of \$79,000,000? Do you mean you have those contracts in such shape that you cannot stop work on them at all and have got to spend that amount?

Admiral EARLE. We figure we are going to stop \$11,805,400 of it.

Mr. BYRNES. How were you able to stop that \$11,000,000?

Admiral EARLE. By agreement with the contractors.

Mr. BYRNES. Had you endeavored to make an agreement with them for further cuts that have been unsuccessful?

Admiral EARLE. We should not say unsuccessful. We are still working at it.

Mr. BYRNES. Do you want the ammunition or are you really trying to get out of every one possible?

Admiral EARLE. We are trying to get out of every possible pound of powder that we do not need.

The CHAIRMAN. There should be no difficulty in stopping your powder contracts. I understand that the du Pont people have signified not only a willingness but a desire to be released from Government contracts.

Admiral EARLE. The du Pont people are working very well. Of course, there are a lot of subcontracts under this for different things such as cartridge cases and fuses and ammunition boxes and ammunition tanks.

The CHAIRMAN. You have the right to cancel, have you not?

Admiral EARLE. We have the right and we are doing it. We are doing it just as fast as humanly possible, Mr. Sherley, absolutely.

The CHAIRMAN. I understand that, but irrespective of how fast you have done it, what we are asking about is not how fast you have done it, but the extent to which you are going to do it.

Admiral EARLE. We are going to the very last possible limit.

The CHAIRMAN. But you only indicate you are going to do it to the extent of \$25,000,000.

Admiral EARLE. That is all we think we are going to be able to do on that.

The CHAIRMAN. But you can do more because you have the right to cancel the contracts.

Admiral EARLE. Certainly we have.

The CHAIRMAN. If you are not limited to \$25,000,000 in your power, why should you not cancel more than that? What reason is there?

Admiral EARLE. The reason is always the state in which the work is. That is the reason; there is no other reason. That is, simply the physical state in which the material is; that is all. You have got to make an adjustment of each contract which is not absolutely unjust to the contractor.

The CHAIRMAN. That may be. I do not want to sit up nights thinking about the contractor. He is usually pretty competent to think about himself.

Admiral EARLE. We do not worry about him.

The CHAIRMAN. Here is a tremendous item and on the face it would look like we should be able to cut out considerable more than the amount that you have indicated.

Admiral EARLE. I thought I had done extremely well on that.

The CHAIRMAN. With \$202,000,000 of which only \$87,000,000 has been paid out, you figure a cut of \$25,000,000?

Admiral EARLE. I do not see that; \$36,000,000.

The CHAIRMAN. Even at that?

Admiral EARLE. That is something like 22 per cent.

Mr. BYRNES. The item of \$35,000,000 unobligated balance you have looked into and you can not cut that down?

Admiral EARLE. If you look at the item "Estimated saving," you will see \$13,500,000. There are contracts not yet taken up on the books amounting to \$21,000,000.

Mr. BYRNES. You will fill all of the contracts?

Admiral EARLE. No, sir; we are trying to reduce them.

Mr. BYRNES. The contracts that have not yet been put on the books certainly they have not progressed to any great extent?

Admiral EARLE. We cancel everything that we do not need.

Mr. BYRNES. Is the question that you need it or that you can not cancel it, these contracts not yet put on the books?

Admiral EARLE. It is both. It means ammunition for vessels some of which we can cancel and some of which we can not. Up to the present time we have been able to do that much.

The CHAIRMAN. If you were to eliminate the \$114,000,000 which is in the Treasury, assuming that you do not obligate it at all, that it was just there, you did not spend any of it, the Navy would not be at all hurt in connection with this ammunition, would it?

Admiral EARLE. Not in times of peace.

The CHAIRMAN. At any time. There must be some limit to your reserve; 300 per cent would seem to be a pretty good limit?

Admiral EARLE. What we are trying to get is 200 per cent, 100 per cent on board ship and 100 per cent on shore.

The CHAIRMAN. You have more than that in most instances?

Admiral EARLE. I do not think so in most instances.

The CHAIRMAN. Is there any instance in which you have not gotten 200 per cent?

Admiral EARLE. I think all of the 14-inch are short. I am sure it is. I have the figures in my head of the number of rounds of ammunition that we could muster for the expedition abroad, both for the Army and for ourselves, and it was very much under that figure.

The CHAIRMAN. You are bringing the Army in?

Admiral EARLE. Those were our guns.

The CHAIRMAN. Yes. I am not talking about your spares. I am talking about the guns you have on the ships and in commission.

Admiral EARLE. Of course, we took that ammunition from the reserve.

The CHAIRMAN. I am talking of the guns that are on the ships in commission. Have you not in every instance practically 200 per cent of ammunition?

Admiral EARLE. I hope so.

The CHAIRMAN. Do you not know?

Admiral EARLE. No, sir; I am very sure we have not.

The CHAIRMAN. Please put into the record a table showing just exactly what the condition of your ammunition is for the guns that are on the ships. I am not talking about spare guns. A spare gun takes the place of a gun that is disabled or worn out.

Admiral EARLE. Exactly.

The CHAIRMAN. And you do not have to have the ammunition for it?

Admiral EARLE. No, sir.

Powder and shell, United States Navy, December 1, 1918.

(Required supply taken as unity.)

Gun and caliber.	Powder.		Shell.	
	Actually on hand or ordered.	Excess or deficiency.	Actually on hand or ordered.	Excess or deficiency.
16"/50.....	0.44	0.56	0.58	0.42
16"/45.....	.66	.34		
14"/50.....	2.08	1.08	.93	.07
14"/45.....	.74	.26		
13"/35.....	.78	.22	.68	.32
12"/50.....	.91	.09	.69	.31
12/45V5.....	.84	.16		
12/45V.....	.75	.25		
12"/40.....	.59	.41		
12"/30.....	.48	.52		
10"/40.....	.98	.02	.75	.25
10"/35.....	.60	.40		
8"/45.....	.88	.12	.46	.54
8"/35.....	.61	.39		
8"/23.....	1.14	.14		
7"/45.....	1.96	.96	.42	.58
6"/53.....	.17	.83	.60	.40
6"/50.....	1.00			
6"/40.....	1.00			
5"/51.....	1.67	.67		1.06
	1.95	1.05	1.36	1.36
5"/50.....	1.02	.02		
5"/40.....	.49	.51		
4"/50IX.....	1.52	.52	1.26	.26
	1.74	1.26	1.60	1.40
4"/50.....	1.18	.18		
4"/40.....	1.11	.11		

¹ These figures are for all guns required, including warships, transports, and merchant ships that were to be built.

NOTE.—It will be noted in the above table that there are only a few cases in which the Bureau of Ordnance has ordered an amount of munitions in excess of that actually required and determined by authorities responsible for such decision, and it has therefore maintained almost exact step with the production of guns, an exceedingly difficult thing to do.

In the case of the 14"/50 gun, this excess was most essential in order to supply ammunition for the guns operating under the Navy on the western front, and would all have been exhausted prior to January 1, 1919, had the hostilities not ceased.

In the case of the 8"/23, it was evident that more rounds than ordinarily would be required for a gun of this type in order to make it available for use against submarines would be needed, hence an additional amount was ordered.

In the case of the 7"/45, the amount in excess would have had to have been increased had the hostilities continued, as these guns were to be used in large quantities on the western front.

In the case of 6"/50, it was considered advisable to have an excess number of rounds available because of the great use to which these guns were put on transports.

In the case of the 5"/51 and 4"/50 calibers, these were the ones to arm all merchantmen and it was most advisable to have the ammunition in excess. It will be noted in these calibers however that the shell procured was also in excess. This excess would have been quickly used up had the guns on order been manufactured. In other words the shell and powder were slightly ahead in production over the guns of these calibers.

UNEXPENDED BALANCES.

CANCELLATIONS.

The CHAIRMAN. How much of the nearly \$115,000,000 which you have under the head of "Unexpended balance" has been contracted for in some form?

Admiral EARLE. \$100,890,000.

The CHAIRMAN. What is your judgment as to the extent of the cancellations that you are going to be able to make?

Admiral EARLE. \$25,305,400.

The CHAIRMAN. That was when the statement was prepared?

Admiral EARLE. We did not get the statement finished until Monday.

The CHAIRMAN. You said that was what you saw ahead of you?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Do you not think there will be just on the law of averages, if for no other reason, additional cancellations?

Admiral EARLE. That is a hard thing to go on. There is about \$3,000,000 more that I am pretty sure of, but I am not absolutely sure of getting out.

The CHAIRMAN. Are you not going to be able to reduce your cost for a lot of this work; are you going to be required to continue these contracts at war prices?

Admiral EARLE. That is something no board in this country has yet taken up. It is a big problem, a problem of major size. The War Industries Board was to take it up, but I notice they are not doing it.

The CHAIRMAN. Are you undertaking to take it up with individual contractors?

Admiral EARLE. We have tried. It will have to be decided on some broad policy which will not do injustice to a steel contractor who has a little contract and probably ruin him. If there is a policy adopted for the country—

The CHAIRMAN (interposing). A hard and fast policy is much more apt to hurt individuals than one adjusted to an individual case.

Admiral EARLE. I am willing to say that in one case already, on account of the changed conditions, a contractor has dropped on a 6-inch gun-mount contract between three and four thousand dollars.

The CHAIRMAN. The elimination of the overtime ought to make for every one of those contractors a leeway of 5 or 10 per cent?

Admiral EARLE. We got this one down more than that; but, as I say, that is the start.

The CHAIRMAN. If you were to figure a 5 per cent saving on these contracts that you carry out, you would add a great many millions to your cut here?

Admiral EARLE. We would indeed. We have no legal way of doing it.

The CHAIRMAN. You have the cancellation power?

Admiral EARLE. We have the cancellation power; yes, sir.

The CHAIRMAN. And without damage you can stop the work? Your cancellation contract does not carry with it obligation for compensation for profits that would have been made if the contract had been carried out. Is not that true?

Admiral EARLE. That is true; but according to the law a man has a right to sue for the profits he did not get.

The CHAIRMAN. I do not so understand the law.

Mr. MONDELL. The cancellation provision of your contract does not contain that sort of a provision?

Admiral EARLE. No, sir.

AMMUNITION FOR AUXILIARIES AND MERCHANTMEN.

The CHAIRMAN. Admiral, the next item is for ammunition for auxiliaries and merchantmen, and you have had \$19,988,800 and your expenditures to November 1 have been \$11,299,867.76, with an unexpended Treasury balance on that same date of \$8,688,932.24, and of that you figure that there are existing unpaid obligations of \$5,991,343.05, leaving an unobligated balance of \$2,697,589.19

Admiral EARLE. Yes, sir.

The CHAIRMAN. You do not, of course, desire any of this ammunition, except as your contracts may require you to take it?

Admiral EARLE. That is true, and therefore I have made the total estimated saving here \$2,227,500, in order to leave a small balance for final adjustments under the contracts. No further purchases are contemplated.

The CHAIRMAN. That would seem to indicate that all these unpaid obligations are such that the Government can not get rid of any of them?

Admiral EARLE. Yes. That was appropriated in 1917 and they are such that we can not get rid of them. This is an old appropriation, and \$2,697,000 is the balance that we have left.

The CHAIRMAN. Why do you need to spend any of that balance?

Admiral EARLE. We have turned in \$2,227,500, which leaves \$400,000, approximately, in order to make sure that we can make the final adjustments under the contracts.

The CHAIRMAN. But you do not have to pay more than the contracts, and the other contracts only amount to that much money?

Admiral EARLE. We are only leaving \$400,000.

The CHAIRMAN. What are you leaving that for?

Admiral EARLE. So as to make sure of our adjustments.

The CHAIRMAN. What adjustment will you have? You are carrying out the other contracts—you are not canceling any contracts, as I understand you?

Admiral EARLE. We are canceling everything that is not finished. We have canceled \$227,500, and then we estimate we can save, by cancellation, \$2,000,000 more, which would leave us \$420,000 as a working balance.

The CHAIRMAN. But are you canceling any contracts at all? Is not that simply work that you are not undertaking? You had not obligated all of this money, had you?

Admiral EARLE. No, sir; all of it is not obligated.

NAVY MINE DEPOT, YORKTOWN, VA.

The CHAIRMAN. The next item is Navy mine depot, and you have had \$3,000,000, and you seem to have paid out none of it. Where is this depot and what does it consist of?

Admiral EARLE. At Yorktown, Va.

The CHAIRMAN. What is it?

Admiral EARLE. It is for the storage of high explosives for assembling mines. We want to get all the high explosives out of the danger zones like Philadelphia, etc.

The CHAIRMAN. Have you started this work?

Admiral EARLE. Yes, sir; it is all under contract.

The CHAIRMAN. How nearly completed is it?

Admiral EARLE. It was due for completion the 1st of April, but it will not be completed at that time.

The CHAIRMAN. What sort of a depot is it?

Admiral EARLE. It is a depot that consists of a large number of storage buildings for T. N. T., and it consists of several mines stores buildings for completed mines, and then added to that is a mine-loading plant.

The CHAIRMAN. Have you not a lot of buildings at Yorktown that you are never going to use and in fact are going to begin scrapping?

Admiral EARLE. We have not any there, sir.

The CHAIRMAN. At Yorktown?

Admiral EARLE. Not the Bureau of Ordnance.

The CHAIRMAN. I am not interested in that. The Navy Department has a number of buildings there.

Admiral EARLE. I have not been there for a long time.

The CHAIRMAN. I was there last year and there were a good many there then, and there have been a good many built since. Have you made any inquiry recently to see whether there are going to be any available buildings that you can use?

Admiral EARLE. Yes, sir; we know exactly what is there. The only buildings that are available for storage of high explosives are the buildings we are building.

The CHAIRMAN. What sort of buildings does it take?

Admiral EARLE. We build a hollow-tile building with a tin roof and steel girders.

The CHAIRMAN. Do you make it fireproof?

Admiral EARLE. Yes, sir; we try to. Of course, the biggest danger to T. N. T. is from fire. At the present time we have our

high explosives stored too near Newport, R. I., Norfolk, Va., and Philadelphia, Pa.

The CHAIRMAN. You are cutting down the quantity you are going to have, are you not?

Admiral EARLE. Yes; but the only way to get rid of it is to store it in these places now.

The CHAIRMAN. One way to get rid of it is not to make it.

Admiral EARLE. We are not making it, but we are going to take care of what we have got. We are going to have more left than we figured on, because of the stoppage of the mines projects in the Adriatic and Aegean Seas.

Mr. CANNON. If properly stored, does this T. N. T. deteriorate?

Admiral EARLE. No, sir; if properly stored, it ought to keep almost forever.

The CHAIRMAN. Have you had any of it long enough to know that?

Admiral EARLE. No, sir; we have not; but that is the opinion of the chemists now.

Mr. EAGAN. Is any land included in this figure of \$3,000,000?

Admiral EARLE. Yes, sir; that land has been bought and this includes the whole project.

Mr. EAGAN. How much was that land?

Admiral EARLE. The land, the wharves, the railroad, and the buildings were all included. We connect the railroad near Lee Hall and run into this reservation there.

The CHAIRMAN. Are you running a railroad to Yorktown?

Admiral EARLE. Into this reservation from the Chesapeake & Ohio Railroad.

The CHAIRMAN. Four miles?

Admiral EARLE. Yes; I think it is about $3\frac{1}{2}$ miles long.

The CHAIRMAN. Is that being done?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What is the state of completion of that work?

Admiral EARLE. The estimated time for the completion of it is three and one-half months, and that is because labor is pretty hard to get. It should be done by the middle of February.

The CHAIRMAN. Is this the beginning of a large program looking to making Yorktown a naval base?

Admiral EARLE. Not that I know of. This program was put out by my bureau in order to care for the high explosives and to load enough mines to satisfy the demands of the allies. The actual mine-loading plants will be cut out now.

The CHAIRMAN. How much will you save by that?

Admiral EARLE. We have not put it down here. We have cut it out.

The CHAIRMAN. You got the money for that, did you not—\$3,000,000?

Admiral EARLE. Yes, sir; the money is in there, but I think the estimate is without it.

The CHAIRMAN. I do not understand you. You got \$3,000,000 to build this depot, including this plant, did you not?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Then, if you are not going to build the plant why do we not get that much money back? You have not spent a dollar on that yet.

Admiral EARLE. No, sir; but practically all of the material is contracted for for the buildings, and the railroad is there; that is, all the materials for the railroad, including the rails and the ties, etc.

The CHAIRMAN. Then, why have you not paid for any of it?

Admiral EARLE. That, I guess, is a matter of bookkeeping; but that material is all there.

The CHAIRMAN. How much should we take off for that plant?

Admiral EARLE. Nothing, sir.

The CHAIRMAN. Why not, if it was included in the appropriation?

Admiral EARLE (reading). "As it has been found that the appropriation for \$3,000,000 for Navy mine depot at Yorktown, Va., authorized by Congress is insufficient to provide all the facilities required by the Navy, I have the honor to request that the Navy Department be authorized to spend \$1,000,000 from the appropriation 'Reserve ordnance supplies, 1919,' for the further equipping of this depot to meet the urgent needs of the service," etc., approved September 10, 1918.

The CHAIRMAN. In other words, your estimate was 25 per cent short of what you concluded you would have to spend?

Admiral EARLE. Yes, sir.

The CHAIRMAN. And you expect to get rid of taking that \$1,000,000 by not now building the plant?

Admiral EARLE. By not now building the plant.

The CHAIRMAN. Did you give us credit for that \$1,000,000 out of the item that you were going to get it from?

Admiral EARLE. We struck it all out of the reserve ordnance supplies item.

The CHAIRMAN. No; you did not strike it all out. You gave up \$42,000,000 there, but you did not figure that \$1,000,000 in with it, did you?

Admiral EARLE. I think this \$1,000,000 is part of that \$42,000,000.

The CHAIRMAN. I would like for you to ascertain and insert in the record whether that \$1,000,000 was credited in the item for reserve ordnance supplies.

Admiral EARLE. Yes, sir.

NOTE.—Further investigation of the project for the mine depot at Yorktown, Va., made since the date of these hearings, both as to the necessity for continuing with the project as a naval one, and as to later estimates of funds required, as furnished by the Bureau of Yards and Docks, prove that my plans for giving up \$1,000,000 can not materialize.

The present plans contemplate a well-rounded-out depot and high explosive storage plant. There is absolutely no way in which to reduce probable cost of this plant, unless the department is content with establishing a mere storage plant and thereby giving up all facilities for assembling, testing, and issuing mines to the Naval Service. Such a policy is most illogical and not in accord with the naval conditions of the world.

It is brought to the attention of the committee that there is no plant existing in the United States where mines can be stored, assembled, loaded, tested, and issued to the service in quantities sufficient to meet any demands of war.

In carrying out operations in the North Sea, the mines issued were not assembled in this country, but were shipped in parts to Scotland, and were there assembled, tested, and issued to the mine layers.

This Yorktown Mine Depot is necessary for the above purposes and, in addition, to provide a high explosive storage plant in an isolated, yet readily accessible place. The logical and economical proceeding is, therefore, to make this mine depot at Yorktown, Va., a complete mine base, concentrating there our entire mining activities, exclusive of some minor storage.

There are to be stored at this depot at the present time more than 10,000,000 pounds of TNT, and 35,000 loaded mines and depth charges, together with 65,000 empty mines and depth charges left on our hands because of the cessation of hostilities. Because of the delay in completing work at Yorktown, it has become necessary to place 25,000 loaded mine cases in the open, despite the deterioration that must take place.

The project, due to the advance in labor and material and cost of land, will cost between \$4,800,000 and \$5,000,000.

NAVY NITRATE PLANT.

The CHAIRMAN. The next item is for a Navy nitrate plant, \$9,150,000, and you estimate that of that amount you can return \$8,311,881. How far has that plant gone along?

Admiral EARLE. That contract has been canceled and this is practically the final settlement, as I understand it.

The CHAIRMAN. Why do you need to hold out so much money?

Admiral EARLE. Because we had gotten a pretty good start on it. We had 600 men working on it when things blew up, but it was not worth spending the rest of the money for.

The CHAIRMAN. Are you going to get any salvage out of what is there?

Admiral EARLE. We are going to get a lot of salvage. We got the barracks for the marines at Indianhead from the workmen's quarters there.

The CHAIRMAN. You got salvage but the Treasury does not seem to have gotten any.

Admiral EARLE. The Treasury got \$8,000,000.

The CHAIRMAN. No; that is not salvage but the amount that was not expended; in other words, the salvage went to the Navy and not to the Treasury.

Admiral EARLE. Yes, sir.

The CHAIRMAN. Did you credit the salvage from this to the other items that it went to?

Admiral EARLE. No, sir; we have not had a chance to shift the allotment at all. When the final adjustment is made we can probably do it.

The CHAIRMAN. How did you get the permission to use the money in this way? You say that you salvaged some of the stuff that you had bought to build a nitrate plant, using it to build barracks and quarters?

Admiral EARLE. That is what they had left for building barracks for the workmen and they had started the foundations for buildings. The barracks they had were pretty good barracks for use and, while temporary, they will last some time.

The CHAIRMAN. You are just going to use them?

Admiral EARLE. Yes, sir; that is all.

The CHAIRMAN. There has been no real salvage?

Admiral EARLE. Not in the sense that you mean, no, sir.

The CHAIRMAN. Does the \$8,311,000 represent all of the balance which you have unexpended, or have you held out a little for possible contingencies on the quarters for the workmen?

Admiral EARLE. I do not think I have even held out a dollar.

FUEL LANDS FOR ARMOR AND PROJECTILE PLANTS.

The CHAIRMAN. What is the meaning of this next item: "Fuel lands for armor and projectile plants"?

Admiral EARLE. That is what they used for the investigation of the proposition of getting natural gas for the armor projectile plant at Charleston.

The CHAIRMAN. Have you spent that money?

Admiral EARLE. We spent \$486.

The CHAIRMAN. There is no reason to spend the balance of it?

Admiral EARLE. No, sir; \$24,513.16.

INCREASING FACILITIES FOR PROOF AND TEST OF ORDNANCE MATERIAL.

The CHAIRMAN. You got \$1,000,000 for "Increasing facilities for proof and test of ordnance material." What sort of facilities were you going to provide with the million dollars?

Admiral EARLE. Buy land, build a dock, build a railroad track, build an office building, a ballistic laboratory, observation tower, screen poles, and so forth.

The CHAIRMAN. Where?

Admiral EARLE. Machodoc Creek, and near Indianhead, Md.

The CHAIRMAN. You are not going to do that now?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Why?

Admiral EARLE. Because the need is more urgent now than when we got the money.

The CHAIRMAN. Why?

Admiral EARLE. The maximum of the range at Indianhead is 18,000 yards and it is not safe to fire over 16,000 yards. We have had shells landing at Quantico, as Gen. Richards knows.

The CHAIRMAN. How much of this have you spent?

Admiral EARLE. We have spent \$96,195, actually paid out.

The CHAIRMAN. What is that for, land?

Admiral EARLE. No; we have not paid out the money for the land yet, because the board appointed by the Secretary has not yet fixed the price.

The CHAIRMAN. How much land will you buy?

Admiral EARLE. Nine hundred and eighty-seven acres.

The CHAIRMAN. What range will you get?

Admiral EARLE. One hundred and twenty thousand yards straight-away.

The CHAIRMAN. Do you think that is ample?

Admiral EARLE. It looks like it now. It is better than 18,000 yards.

The CHAIRMAN. Why do you need so much?

Admiral EARLE. That is very little. The Army asked for \$13,000,000.

The CHAIRMAN. I did not mean money, but why do you need 120,000 yards?

Admiral EARLE. That is over the water, but the land is 987 acres; in order to separate the firing batteries sufficiently one from the other and to carry on different tests at the same time, fuse tests here, armor tests there, shell tests there, powder tests here, and

cartridge case tests there [indicating]. It takes quite a little territory in order to keep them going.

The CHAIRMAN. Do you expect to spend all of this money?

Admiral EARLE. I expect to spend every cent of it.

AMMUNITION FOR MERCHANT AUXILIARY.

The CHAIRMAN. "Ammunition for merchant auxiliary," \$7,731,941. Of course, you do not want to acquire, except to the extent that the necessity of production forces?

Admiral EARLE. That is right. I think I have asked for a little too much leeway there, and I would suggest a saving of \$1,300,000.

The CHAIRMAN. There is \$2,634,000 unexpended, and there is \$1,369,000 of that that is not obligated in any shape or form?

Admiral EARLE. \$1,369,358. We expect to get by with a saving of \$1,300,000.

The CHAIRMAN. Why should you not do more than that? The "unpaid obligations," \$1,265,000, are you going to have to meet all of them, will you not be able to cancel some of them?

Admiral EARLE. We will have to meet all of that.

The CHAIRMAN. Why?

Admiral EARLE. That is material in process.

The CHAIRMAN. Assuming that to be the fact—

Admiral EARLE (interposing). We have looked that up and gone over it very carefully, as carefully as the time allowed. A further reason is that it is also an old appropriation, and that is the reason it is so far advanced. It is one of the early ones, March 4, 1917. I do not believe that we will be able to do better than \$1,300,000.

The CHAIRMAN. What was this, ammunition for 5-inch and 1-pounders?

Admiral EARLE. Yes, sir. That was an appropriation asked for prior to the war and after the war came it went away up, as you know.

BATTERIES FOR MERCHANT AUXILIARIES.

The CHAIRMAN. You had under the head of "Batteries for merchant auxiliaries," \$4,731,174?

Admiral EARLE. Yes, sir.

The CHAIRMAN. You seem to have expended of that \$1,236,342.89, the difference being the present Treasury balance. How much of the present Treasury balance will you have to spend?

Admiral EARLE. This is an old appropriation with an indicated deficiency of \$293,478.76. We have canceled outstanding contracts amounting to \$1,550,000, and we expect to have a net saving of \$1,256,521.24.

The CHAIRMAN. What is the reason that you will cancel less than half of those outstanding contracts?

Admiral EARLE. It is under the act of March 4, 1917.

The CHAIRMAN. That does not indicate anything; it is a question of the condition of the work?

Admiral EARLE. That shows that the work under it is practically all completed.

The CHAIRMAN. Evidently not, because you expect to be cut 40 per cent?

Admiral EARLE. We are doing everything we can.

The CHAIRMAN. If they were practically completed, you would not be able to do that. What is the condition?

Admiral EARLE. I would have to get a separate statement showing you every item under that.

The CHAIRMAN. That is practically for the 5-inch guns?

Admiral EARLE. Three, four, and five inch guns. The reason a lot are not completed is because the contractors awarded those contracts have been much worse off than the people who started out since the war and were slower in delivering the goods.

The CHAIRMAN. In those cases you can cancel absolutely on time conditions?

Admiral EARLE. We can save on them. We are overtime on every one of those already.

The CHAIRMAN. You do not want any of those guns if you can get out of taking them?

Admiral EARLE. No, sir; we do not need any of them.

The CHAIRMAN. Do you not think that you could perhaps add to the amount you could save out of this appropriation?

Admiral EARLE. No, sir; I think they have done all they can on that item.

ORDNANCE AND ORDNANCE STORES.

(See p. 495.)

The CHAIRMAN. In regard to the item "Ordnance and ordnance stores," I asked you yesterday to look over that situation so as to advise us of the major items that went into the item and what saving could be made. Were you able to get that information?

Admiral EARLE. Yes, sir. Our revised estimate shows that we can save \$5,175,089.

The CHAIRMAN. How did you arrive at that?

Admiral EARLE. We went over the target practice projectiles to see whether we could cancel any contracts. We canceled a contract with a company in Richmond, and then we found there was another contract for 6-inch shells where the contractor did not want to make any more, because they cost him too much; so we canceled that. We canceled a contract with the American-British Co. for \$387,000. The rest was a reduction in labor.

The CHAIRMAN. Was there not still another item that yesterday you thought we could save something out of under "Ordnance and ordnance stores"?

Admiral EARLE. No, sir; there was no other item that I remember.

The CHAIRMAN. You are practically figuring on eliminating only one-third of your present unobligated balance?

Admiral EARLE. About 27 per cent of the funds in the Treasury not called for. That is what this means.

The CHAIRMAN. There is so much work under this omnibus clause that you are likely not to want to do now, it would seem even a larger percentage than that might be eliminated?

Admiral EARLE. That is the maximum that I have been able to do; I do not believe that I can do any more than that.

SATURDAY, JANUARY 4, 1919.

BUREAU OF YARDS AND DOCKS.

STATEMENT OF ADMIRAL CHARLES W. PARKS, CHIEF.

The CHAIRMAN. Admiral, you can advise the committee how much money has been appropriated for the Bureau of Yards and Docks since the beginning of the war to this date?

Admiral PARKS. Directly appropriated for public works, under the Bureau of Yards and Docks, \$219,117,992.43.

The CHAIRMAN. How much of that money has been expended?

Admiral PARKS. Reported up to the 1st of November, 1918, \$104,140,605.57.

The CHAIRMAN. How much of it has been obligated?

Admiral PARKS. The obligations to the same date were \$164,620,181.66.

The CHAIRMAN. In addition to the expenditures?

Admiral PARKS. Including the expenditures.

The CHAIRMAN. That would leave a free balance of how much?

Admiral PARKS. \$54,497,810.77.

The CHAIRMAN. How much of that do you expect to have to spend?

Admiral PARKS. \$42,000,000, approximately.

The CHAIRMAN. That would leave a total of how much that could be turned into the Treasury?

Admiral PARKS. I might turn that around. It is \$14,000,000 of estimated deficiencies, with estimated savings of \$2,750,000, so that the \$12,000,000 should be added to the \$54,000,000.

The CHAIRMAN. In other words, you have overobligated the moneys to the extent of some \$12,000,000?

Admiral PARKS. That is the way I have just read it to you, but I am not quite sure that I am correct in that.

The CHAIRMAN. Whatever the fact is we would like to have it.

Admiral PARKS. What I believe these figures really mean is that we need to obligate \$12,000,000 more than the \$164,000,000. I am not exactly sure what those figures mean, because I have not totalled those things up personally, but the \$14,000,000 appears to be very large to me, compared with the figures I have on this sheet. There appears now to be necessary, in order to complete, \$12,000,000 in excess of the appropriations.

The CHAIRMAN. If I understand the situation, you have had appropriated \$219,000,000, in round figures; you expect to spend all of that and need \$12,000,000 more?

Admiral PARKS. Yes.

NOTE.—The figures have been gone over again, and it has been found that the estimated deficiencies and savings are incorrect on account of certain entries relative to training camps which showed the amounts necessary to finish work at these camps and the savings at certain camps where work has been stopped on account of changed conditions. There is no deficiency in the training-camp appropriation, and these figures should not have been included in the summation of deficiencies and savings. The corrected figures are \$9,826,593.04 for estimated deficiencies and \$2,562,083.11 for estimated savings. Applying these figures, further obligations will amount to \$61,762,320.70.

The statement of unobligated balance needs some explanation. The figures reported are the unobligated balances under the several appropriations, as shown by bureau allotments. Money has been expended and work has been performed for

which the bureau allotments had not been made on November 1, 1918. The changes in contracts are determined by boards in accordance with paragraph 17 of the general contract provisions and bureau allotments for these changes are not made until board reports have been submitted and approved. The cost of these changes is being ascertained as rapidly as possible, but the total obligation due to these changes will not be known at an early date.

The CHAIRMAN. This total of \$219,000,000 is made up of a great many small items of appropriation for particular objects at particular places?

Admiral PARKS. A great deal of it.

The CHAIRMAN. Have you any classification by which those appropriations which have been made for particular purposes, and which have been practically expended, can be eliminated so as to consider those in which you either will have balances that could and ought to be turned into the Treasury or those which you want to get this \$12,000,000 for?

MAINTENANCE, YARDS AND DOCKS.

Admiral PARKS. I have such a tabulation. The first item is "Maintenance, Yards and Docks," which is \$24,788,000 appropriated and \$22,137,301.27 reported expended on November 1, 1918. On the 1st of November, 1918, the bureau had obligated \$20,716,061.66, leaving an unobligated balance of \$4,071,938.34. The reports from the yards have required the allotment of the whole of that unobligated balance and it is estimated that the amount allotted is now sufficient for about the first half of January, and \$6,500,000 is estimated as necessary to complete the fiscal year ending June 30, 1919.

That is based upon a practice that has continued during this year of paying the maintenance and repair charges of training camps and schools, temporary, while they are under construction, and when this matter was presented to the Naval Affairs Committee for the next annual appropriation it was suggested that that part of the appropriation might more properly be under Navigation. I consulted Navigation this morning before coming up here and understand that they have presented the matter in about the same way to this committee. A large part of that is due to the training station at Great Lakes and the one at Newport, for which there are specific appropriations made in the naval bill. For maintenance and operation during this last year at Great Lakes, where the permanent station had a capacity of 3,000 and the temporary capacity was approximately 47,000, a large part of the maintenance has been carried out of the Yards and Docks appropriation, and the question is whether Yards and Docks shall ask for a deficiency to carry it through the rest of the fiscal year in the same way, or Navigation.

The CHAIRMAN. Did not Navigation ask for it?

Admiral PARKS. They asked for the stations at Great Lakes, at Newport, and at San Francisco, I believe.

The CHAIRMAN. The sheet they submitted, as I recall, estimates deficiencies at the naval station at Rhode Island, the one at St. Helena, Va., the one at Great Lakes, and the one at California.

Admiral PARKS. Those were the three that they were sure they had in, but they were not sure about St. Helena. They thought they had three in this morning, but St. Helena makes a fourth. That

takes care of about 70,000 out of 181,000; that is, there is a capacity of about 91,000 in the temporary stations, 22 other training stations, and schools of instruction, so that not over \$1,000,000 should be taken off of this estimate.

The CHAIRMAN. I do not see why, because they are asking for considerably over \$1,000,000.

Admiral PARKS. But they are asking that for stations of about 70,000 capacity. My estimate at one time for Great Lakes was \$1,200,000 for the year and that was very much less than the rate of expenditure. Another uncertainty is that maintenance in the amount that is being expended abroad, but demobilization is taking place as rapidly as possible and that ought to stop very soon. One item, that of transportation, has been turned over to the Army, on the condition that equivalent transportation will be furnished us here in the United States. We can not very well estimate what that is going to cost, but it ought to stop pretty soon. Another one is the expenses in connection with subbases, but they have been ordered abandoned and closed up. I believe that if \$6,500,000 is authorized we will have a surplus at the end of the year.

The CHAIRMAN. We do not want to authorize that much, then.

Admiral PARKS. It does not make any material difference, because that is an annual appropriation, and we would not spend it.

The CHAIRMAN. I understand, but it makes a considerable difference from the viewpoint of this committee. We want to know just how much you need to run you through the year.

Admiral PARKS. I believe that \$5,500,000 ought to do it, but the thing that is confusing me on that thing is the fact that they have expended \$2,000,000 more than I had allotted up to the 1st of November, and the fact that reports are slow, but if Navigation will take care of the training-camp expenditure, I feel that \$5,500,000 is what we should ask on that item.

The CHAIRMAN. Admiral, I want to repeat for the record what I have been saying to you gentlemen informally on a number of occasions. If the Navy Department expects to have deficiency appropriations made it must send in the usual formal way deficiency estimates, and in sending those estimates I hope that Navigation and Yards and Docks, and all of the different bureaus, will have a knowledge of each other's estimates so that there will not be any possible excuse for the duplication of deficiency estimates. It is impossible for this committee to prepare a bill with the constant shifting of position touching these balances.

Admiral PARKS. I think that Yards and Docks has endeavored to do it that way, and, I hope, successfully.

The CHAIRMAN. If I understand you, Admiral, under the specific appropriation of "Maintenance, Yards and Docks," you want \$5,500,000 as a deficiency to run you the balance of the year?

Admiral PARKS. That is my belief at the present time.

The CHAIRMAN. Does that mean that you will continue to run as wide open as you have done since the war started or does it mean that you will get down to a real basis of conservatism and of hardpan in connection with the Navy?

Admiral PARKS. It means that we stopped the thing immediately after the armistice and issued an order to the whole Naval Establish-

ment that no expenditure should be made without specific approval and allotment from the bureau. I believe that order will be complied with. I believe that we will get down to a proper basis.

The CHAIRMAN. What are you approving in your bureau? I do not want to continue to do everything that Yards and Docks and the Navy have been trying to get done for the past 30 years, now that the war is over.

Admiral PARKS. I am sure those things are being stopped. I do not know how much has been expended between the 1st of November and the 1st of December. Considerable may have been given out for the reason that they expected us to tighten up on these things; I think they expected it.

The CHAIRMAN. They were beating you to it?

Admiral PARKS. I would not be at all surprised if they took the occasion to secure something they considered absolutely necessary, if not essential. The department has taken every step to get that thing on a prewar basis. I have no doubt that people are going to comply with it.

REPAIRS AND PRESERVATION.

The CHAIRMAN. What other item have you a deficiency in?

Admiral PARKS. The next item is "Repairs and Preservation," \$10,225,000 appropriated, \$8,768,702.07 expended to November 1, and an unobligated balance on November 1, 1918, of \$431,424.57. Most repairs can be allowed to run for some time, but there are some repairs that ought to be made immediately. Water pipes, electric lines, and things of that kind ought not to be delayed at all. \$431,000 is not enough. I should like an addition of \$1,000,000 on that appropriation. If a million dollars is appropriated it will be used. If not, the repairs will have to go over until the next annual appropriation becomes available. I believe that \$1,000,000 will be properly used. \$431,000 I think to be absolutely insufficient. Whatever money we have available for repairs will be allotted with care and we will do the most necessary things.

The CHAIRMAN. Do you use a part of this fund for reimbursing general account of advances?

Admiral PARKS. In a way. That is, "General account of advances" is used for a convenience for this appropriation and others. If requisition is made for 100 railroad ties we might make that directly under "Repairs and preservation," but it is more convenient to make it under "General account of advances," and when the ties have come in, been inspected, and taken into stock, then to make a stub requisition on the supply officer and credit "General account of advances" with the amount and debit "Repairs and preservation." It is not necessary to do it through "General account of advances," but it is much more convenient.

The CHAIRMAN. It may very well happen that "General account of advances" buys a lot of material and then near the end of the fiscal year it draws any available balance that might otherwise have been covered into the Treasury which may exist under the head of "Repairs and preservation" to reimburse itself, and in that way annually it eats up, whether the annual need requires it or not, all of the appropriation that is made?

Admiral PARKS. This is not done that way. The only thing in which it is held out is in the matter of damaged and lost material that must be surveyed. "General account of advances" does not stand that loss; it is charged to the appropriation that ultimately would have been used if the material had been delivered in good condition.

CONTINGENT, YARDS AND DOCKS.

The CHAIRMAN. What other items have you now a deficiency in?

Admiral PARKS. "Contingent, Yards and Docks," \$4,340,000 appropriated and \$4,949,354 expended, which, I think, is an error. I have not been able to find out yet. We have obligated \$4,329,763.15, leaving an unobligated balance of \$10,336.47. Based upon that unobligated balance of \$10,000 I desire to ask for an addition of \$100,000.

The CHAIRMAN. Is not all of that predicated upon the assumption that all the obligations which have been made under this contingent fund will have to be met, whereas, in view of the changed condition of the war, are there not a lot of obligations that you can get rid of?

Admiral PARKS. Not in this. I will say that since making this estimate they have had a severe wind in the Hawaiian Islands, the most severe they have ever had, running up to 44 miles an hour. That has caused some damage.

This appropriation is the right one to pay that damage expense out of. I have not a report of what the damage will amount to in money, but a storm a short time ago in Guam amounted to \$55,000. Pearl Harbor is, of course, very much more extensive than that in Guam. "Contingent expenses" is for just that kind of thing, and you do not know whether those things will occur or not, fires and storm damages. In the past you have made specific appropriations for some of these severe storm damages, such as the one at Pensacola and the earthquake at Mare Island, but for a few years there has been a small emergency expense appropriation. I think it is a good idea to have a small authorization available under that. That is very small compared with the \$4,000,000, of course, but the \$4,000,000 is pretty largely due to entering into the war, and a very considerable charge to a small appropriation, for which the committee made a deficiency appropriation.

The CHAIRMAN. You are dealing with the contingent?

Admiral PARKS. Yes, sir; with a deficiency in the "Contingent. Yards and Docks."

EMERGENCY FUND.

The CHAIRMAN. What is the situation as to your emergency appropriation?

Admiral PARKS. There is \$1,955,000 unobligated under that. As the armistice has been signed, there is a possibility that there may be no considerable further calls upon it in the light of the past expense, but it is possible that more of it may be required for demobilizing stations and readjustment of stations that are now on lands occupied by permit and things of that kind. We are not going to ask for any additional authorization under that appropriation.

The CHAIRMAN. But are you not prepared to surrender about \$1,000,000 of it?

Admiral PARKS. I do not think so.

The CHAIRMAN. You use that almost interchangeably with the contingent appropriation?

Admiral PARKS. Not quite, keeping the contingent more for damage from storm, hurricane, and that kind of thing. Emergency expenses are those things which are presented to the bureau as necessary to enable war conditions to be carried on. Take the training camp at Wissahickon, we have 2,900 capacity there on land that we are renting for a dollar a year from Ford. There is a good deal of material that is worth salvaging. It has been my idea that if we salvage that kind of material this is a proper appropriation under which to do it. There is quite a lot of that.

AMOUNTS TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. The moneys which you receive from salvaging are covered into the Treasury?

Admiral PARKS. They absolutely must be; we have not any authority to do otherwise.

NAVY YARD, PORTSMOUTH, N. H.

Navy yard, Portsmouth, N. H., \$11,000 was appropriated for crane-track extension and \$5,000 will cover the cost, so that \$6,000 is available for return. Other subtitles are addition to machine shop, \$200,000; addition to foundry, \$130,000; power plant improvements, \$150,000. That money is needed for specific improvements not in any way connected with the prosecution of the war.

NAVY YARD, BOSTON, MASS.

Under the appropriation navy yard, Boston, subtitle sterilizing and disinfecting plant, \$9,000, \$5,000 can be returned. Under the subtitle locomotive and crane shed, \$20,000 appropriated, \$3,655.78 can be returned. Extension of chain shop shows an apparent over-expenditure, but that is due to a mistake in the accounts. The whole amount will, however, be required for the work. The subtitle waterfront improvement, \$400,000 appropriated July 1 and \$170,000 in November 4 bills, making a total of \$570,000, is not necessary at the present time for two reasons: First, the appropriation was asked to fit the yard for war work, and the other is that Congress has provided for the purchase of lands and dock on the South Boston front, so the \$570,000 can go back.

NAVY YARD, WASHINGTON.

Navy yard, Washington, there is the subtitle extending sight shop, indicating \$44,000 expenditure of a \$40,000 appropriation. That is an error. The whole appropriation is needed, but is not overexpended. Subtitle yard improvement, \$5,000,000 appropriated November 1, 1918, expended \$2,817,068.19 and obligations \$5,145,906.44, and a further obligation is necessary on account of the changes in the work, making a deficiency of \$678,000 to be requested. That \$678,000 is due to the increased cost of labor to the extent of \$100,000, approximately, and the rest of it is changes in the plans after the contracts had been made.

The CHAIRMAN. You mean that you have incurred that liability?

Admiral PARKS. We have practically incurred it now. Not all of it has been definitely incurred yet, but it is so near it that we can say it is now incurred; it will be within a few days.

The CHAIRMAN. Please put in the record a complete statement about the Washington Navy Yard.

Admiral PARKS. Yes.

STATEMENT OF CONSTRUCTION AT THE NAVY YARD, WASHINGTON, D. C.

By the act of August 29, 1916, there was appropriated for the purchase of additional land at the Washington Navy Yard, \$331,000. Expenditure of remaining balances from the appropriation of the act of March 3, 1907, and act of June 24, 1910, in the amounts of \$34,460.36 and \$135,221.36, respectively, for the purchase of land, was authorized. The total available therefore, for the acquisition of additional land at the navy yard, Washington, was \$500,681.72. With these funds 18.65 acres of land to the westward of the yard were acquired.

By the act of March 4, 1917, the \$600,000 limit of cost of the gun shop set by the act of August 29, 1916, was increased to \$1,100,000 and an appropriation for the balance made. In this same act (Mar. 4, 1917) there was also appropriated for improvements to central power plant and distributing system, \$772,000, in order that the necessary increase in the power facilities to care for the gun shop, might be provided.

During the early part of the war, it became increasingly difficult to place contracts for ordnance material such as guns, mounts, heavy castings, torpedoes, torpedo tubes and optical apparatus. Where these contracts could be placed the cost was high. Also contractors were calling upon the Government for additional funds in order to increase their plants to care for the large amount of Government orders. The Navy Department had at the Washington Yard an organization and plant that was capable of turning out limited quantities of ordnance material in an efficient manner and at a cost uniformly lower than such material secured from outside firms. It was considered to the Government's best interests, therefore, that instead of contributing largely to the cost of plant increase at private firms to build at the Washington Navy Yard such additional facilities as would permit the yard to provide for greatly increased output. The increased facilities thus provided would remain property of the Government.

It was estimated that by the expenditure of \$5,000,000 the capacity of the Washington Navy Yard would be more than doubled and that facilities for manufacturing articles that could not then be produced at the yard would be provided. The superintendent of the gun factory, navy yard, Washington, estimated that on drop forging alone the proposed increased facilities would result in a saving of \$1,000,000 per annum based on their maximum output. A saving of \$2,000,000 per annum was estimated on the manufacture of mounts for 3, 4, and 5 inch guns. A saving of \$168,000 per annum was estimated on the manufacture by the Government of torpedo tubes. Considering, however, that these figures were high and due to abnormal conditions, it is thought fair to assume in a saving of at least \$1,000,000 per annum. This figure would result in amortizing the plant, based on a cost of \$5,000,000, in seven and one-half years. Among other items it was necessary to provide for the manufacture of optical goods on a greatly increased scale due to the fact that there were practically no plants in this country equipped to make reasonable deliveries on optical glasses and material of similar character. An appropriation, therefore, for improvements at the navy yard, Washington, D. C., in the amount of \$5,000,000 was sought. This amount was appropriated by the act of October 6, 1917. This amount has been obligated for the following projects:

1. Machine shop, 5 stories high, 120 by 500.
2. A pattern shop, 3 stories high, reinforced concrete.
3. Dry kiln for lumber, 1 story, 40 by 100.
4. Power plant improvements to provide for building constructed under this appropriation.
5. A general storehouse of concrete, 5 stories high, 169 by 350.
6. Brass foundry, steel and brick, 107 by 300.
7. Extension to steel foundry, 200 feet long.
8. Forge shop annex, 260 by 72.
9. Seamen gunners' quarters, 3 stories high, 60 by 130, reinforced concrete.
10. Mine laboratory building, 2 stories high, 60 by 120.
11. Optical shop and range-finding tower.

12. Extension to the sea wall in front of recently acquired property on the west side of the yard.

13. Gun park crane runway, crane equipment for the runway and the industrial buildings, extension of the yard service systems to the new structure.

Inasmuch as the early completion of all of the work was considered vital to the successful prosecution of the war, construction work was undertaken as quickly as possible. After the work had been started, changes and additions became necessary which had to be provided for. The optical shop and range-finding tower had to be abandoned in the location originally planned owing to unsatisfactory foundation conditions. This change in location and alterations considered necessary involved a considerable additional expenditure. The cost of securing the structures and facilities undertaken was also greatly increased by the increase in labor and material subsequent to the preparation of estimates for the work. The work has been prosecuted vigorously with the result that several of the buildings are now in use and those now under contract will be completed at an early date.

There follows a statement of expenditures and obligations under the appropriation "Improvements, navy yard, Washington, D. C.," act of October 6, 1917:

Improvements to central power plant and distributing systems, act of March 4, 1917.

The gun shop, act of August 29, 1916, and March 4, 1917.

FUNDS REQUESTED UNDER DEFICIENCY BILL, APPROPRIATION "YARD IMPROVEMENTS."
NAVY YARD, WASHINGTON, D. C.

Item No. 1. Increased wages of labor and material..... \$100,000

This amount is necessary to cover 50 per cent of the increased cost of wages of labor and material, since these contracts have been enforced to meet the various deficiencies in wages in accordance with addendum forming a part of these contracts. The distribution of this money is as follows:

Contract 2596. Pattern shop.....	\$8,000
Contract 2597. Brass foundry.....	2,000
Contract 2534. Model storage.....	1,200
Contract 2595. Machine shop.....	20,000
Contract 2763. Boilermaker's shop.....	1,200
Contract 2598. General foundry extension.....	1,600
Contract 2601. Seamen gunners' quarters.....	4,000
Contract 2670. Forge shop extension.....	1,500
Contract 2828. Frequency changer house.....	1,500
Contract 2897. Pipe tunnel.....	2,000
Contract 2937. Mine laboratory.....	2,500
Contract 3451. Power plant.....	2,500
Contract 2598. Steel foundry.....	2,500
Contract 2860. Optical shop and range-finding tower.....	15,000

Increased cost of labor and material, rearrangement of track system of present yard, also clearing site for new projects.. 34,500

Item No. 2. Board report..... 80,000

These funds are necessary to cover the increased cost of changes and alterations authorized over and above original allotments issued to cover this work, itemized as follows:

Contract 2596. Pattern shop.....	\$3,000
Contract 2596. General foundry extension.....	750
Contract 2601. Seamen gunners' quarters.....	2,400
Contract 2595. Machine shop.....	73,850

Item No. 3. Contract 2596, pattern shop..... 10,000

These funds are necessary for the following work:

Change in glazing.....	\$3,000
Electrical outlets, locations changed.....	100
Additional transformer room.....	600
Dry kiln (additional).....	6,000
Rail around court.....	300

Item No. 4. Contract 2721, gun park structure..... 2,000

These funds are necessary to cover the additional cost of steel erection.

Item No. 5. Contract 2596, brass foundry..... 22,000

These funds are necessary as follows:

Increasing in capacity and altering sand bins and sand-handling equipment.....	\$9,600
Changing footings.....	2,400
Furnishing supports for heater and steel racks for storage space over core ovens.....	10,000

Item No. 6. Contract 2334, model storage.....	\$6, 600
These funds required in order to provide heating and lighting facilities in the model storage building as same were not included in original contract due to lack of funds.	
Item No. 7. Contract 2595, machine shop.....	6 000
These funds are required for the following reasons:	
Change in glazing of first-floor sash.....	\$2, 000
Raising crane girders.....	3, 000
Machinery foundations.....	1, 000
Item No. 8. Contracts 2759, fuel oil storage.....	10. 000
These funds are necessary for the completion of the following work:	
Change in pile foundation.....	\$6, 500
Paving over area.....	3, 500
Item No. 9. Contract 2598, general foundry extension.....	5. 000
It is necessary to change the foundations from concrete to wood piles in view of the soil conditions and at an additional cost.	
Item No. 10. Contract 2601, seamen gunner's quarters.....	16, 600
These funds are necessary in connection with this building for the following reasons:	
Increased cost in kitchen equipment.....	\$2, 000
Grading around building.....	2, 600
Reconstruction of porch and driving of piles in order to carry same.....	12, 000
Item No. 11. Contract 2670, forge shop extension changer.....	18, 500
These funds are urgently needed for the following reasons:	
Providing foundations for mesta press and hammer foundations as requested by the Bureau of Ordnance.....	\$16, 500
Change tilting sash.....	2, 000
Item No. 12. Contract 2455, quay wall.....	30, 000
These funds are necessary in order to complete dredging and riprap in connection with this contract which has been issued as a change order, as original contract included merely the timber work.	
Item No. 13. Contract 2789, quay wall and slip.....	35, 000
These funds are absolutely essential for the dredging of ship and riprap in connection with this section of the new wall under construction.	
Item No. 14. Contract 2680, optical shop and range-finding tower.....	140, 000
These funds are necessary in order to meet the increased cost of the optical shop due to the fact that the original contract was for the alterations of buildings No. 111 and No. 112 in the old yard and it was found, after an expenditure of \$15,000, impracticable to increase the weight of this building, due to the foundation conditions and the site was then selected in the east extension and new building designed and is being constructed under a change order at an increased cost of \$140,000.	
Item No. 15. Contract 2397, pipe tunnel.....	1, 000
These funds are necessary to pay for the increased length of piles due to the soil conditions at the yard.	
Item No. 16. Contract 2937, mine laboratory.....	8, 600
These funds are necessary in order to meet the cost of change of foundations from spread footings to wood piles on account of the bad conditions of the site.	
Item No. 17. Cranes.....	24, 000
It is necessary that there be provided for furnishing and erecting cranes not covered under any appropriation for cranes for building. Additional funds are required for the erection of cranes and furnishing of collector rails to the amount of \$24,000, for cranes now purchased which are to be erected immediately by yard force, \$24,000.	
Item No. 18. Erecting shop extension.....	8, 700
It is necessary that there be provided in connection with this building funds for the heating and lighting of same.	
Item No. 19. Gun park foundations.....	6, 000
These funds are necessary in order to meet the increased cost of this contract due to changes in the foundations.	
Item No. 20. Heating and lighting systems.....	75, 000
These funds are urgently needed to meet the cost of installation and furnishing of material in connection with the steam heat and lighting systems of all projects now nearing completion.	

Item No. 21. Contract 3200, intake tunnel..... \$25,000

It is requested that there be furnished sufficient funds immediately to the above amount to meet the increased cost of the intake tunnel now being constructed at the yard in connection with the piping and distributing system from the power plant.

Item No. 22. Steel lockers..... 50,000

The yard has requested that there be furnished steel lockers in connection with the new buildings and funds are requested to cover the cost of same.

TRANSCRIPT OF ACCOUNTS.—Appropriation No. 9220, "Navy yard, Washington, D. C.," subtitle No. 123, "Yard Improvements," Nov. 30, 1918.

Date.	No.	Contract.	Description.	Debit.	Credit.
Oct. 6, 1917	1.		Clear site for forage shop annex.....	\$6,100.00	\$5,000,000.00
Dec. 1, 1917	2.	2595	Cement machine shop.....	60,000.00	
Do.	3.		Clear site, new storehouse.....	10,000.00	
Do.	4.		Clear site, gauge test room.....	1,000.00	
Do.	5.		Ship and fire construction building.....	1,000.00	
Do.	6.		Sundry preliminary and final work.....	30,000.00	
Dec. 18, 1917	7.	2721	Foundry gun park crane way.....	102,000.00	
Apr. 3, 1918	7a.	2721	Omit 14 foundry gun park crane ways, canceled.....		
Dec. 6, 1918			Railroad track, new reserve.....	1,952.06	
Dec. 18, 1918	8.		Canceled, see 8209-2, \$17,000: 8281-1, \$230,000: 8220-123-8A, \$69,500.....		
May 6, 1918	8a.	2721-B.	Gun park runway (Balance charged 8209-8281).....	69,500.00	
Dec. 17, 1917	9.	2598	Extending general foundry.....	183,000.00	
Feb. 23, 1918	9a.	2598	Canceled, covered by 9B.....		
Apr. 20, 1918	9b.	2598	Changed from concrete to wood piles.....	3,500.00	
Aug. 5, 1918	9c.	2598	Change in piles driven, increase.....	1,388.52	
Jan. 11, 1918	10.		Installing railroad track, west reserve.....	1,719.55	
Jan. 23, 1918	11.	2670	Forge shop, extensions and alterations.....	117,874.00	
Mar. 2, 1918	11a.	2670	Forge shop, runway.....	7,868.00	
May 18, 1918	11b.	2670	Forge shop, to provide locker room.....	2,700.00	
July 5, 1918	11c.	2670	Forge shop, glass in sash.....	600.00	
July 19, 1918	11d.	2670	Forge shop, omit individual lavatories.....		200.00
Sept. 25, 1918	11f.		Install toilet fixtures, Y. F.....	200.00	
Dec. 23, 1917	12.	2597	Brass foundry.....	281,506.74	
Jan. 24, 1918	12a.	2597	Brass foundry, cement.....	5,000.00	
Feb. 15, 1918	12b.	2597	Brass foundry, change sewer system.....	1,237.17	
Mar. 5, 1918	12c.	2597	Brass foundry, coln. sewer change.....	1,440.00	
Mar. 15, 1918	12d.	2597	Brass foundry, change in exhaust ducts.....	632.00	
Mar. 24, 1918	12e.	2597	Carry down piers to pile foundation.....	3,090.00	
Mar. 15, 1918	12f.		Brass foundry pile foundation, Y. F.....	1,500.00	
Mar. 25, 1918	12g.		Void never appro ed.....		
Mar. 27, 1918	12h.	2597	Brass foundry, minor changes.....	210.79	
Apr. 22, 1918	12i.	2597	Brass foundry, furnish and drive piles.....	1,090.00	
Apr. 19, 1918	12j.	2597	Brass foundry, minor changes.....	165.00	
May 14, 1918	12k.	2597	Brass foundry, change sand bin for blast.....	735.00	
Feb. 22, 1918	12l.	2597	Brass foundry, re use coln. foundation.....	4,700.00	
Mar. 28, 1918	12m.	2597	Brass foundry, minor changes.....	638.12	
Mar. 23, 1918	12n.	2597	Brass foundry, drain trap.....	137.50	
June 10, 1918	12o.	2597	Brass foundry, correction, duplication.....		5.50
June 11, 1918	12p.	2597	Brass foundry, sundry additional.....	7,000.00	
July 19, 1918	12q.	2597	Brass foundry, cement additional to 123-12A.....	1,500.00	
Aug. 5, 1918	12r.	2597	Brass foundry, change to house core ovens.....	600.00	
Nov. 6, 1918	12s.	2597	Brass foundry, heating units and storage space.....	4,000.00	
Dec. 21, 1917	13.	2595	Machine shop.....	936,655.00	
Apr. 23, 1918	13a.	2595	Machine shop, change girder and coln. footing.....	100.00	
Apr. 23, 1918	13b.	2595	Machine shop, change electric drive.....	800.00	
May 3, 1918	13c.	2595	Machine shop, increase depth column footing.....	4,500.00	
May 28, 1918	13d.	2595	Machine shop, change lighting system.....	10,670.66	
Aug. 6, 1918	13e.	2595	Machine shop, change in glass, first floor.....	1,000.00	
Aug. 17, 1918	13f.	2595	Machine shop, changes in electric work.....	1,344.00	
Jan. 8, 1918	14.	2596	Pattern shop.....	439,116.00	
Jan. 28, 1918	14a.	2596	Pattern shop, cement.....	20,000.00	
Mar. 12, 1918	14b.	2596	Pattern shop, entrance to pipe tunnel.....	550.00	
Mar. 12, 1918	14c.	2596	Pattern shop, excavating, grading, etc.....	10,650.00	
Mar. 22, 1918	14d.	2596	Pattern shop, asphalt roofing, copper flashing.....		1,200.00
Apr. 29, 1918	14e.	2596	Pattern shop, interlocking device.....	400.00	
May 18, 1918	14f.	2596	Pattern shop, 24-inch hose for 2-inch.....	75.00	
May 22, 1918	14g.	2596	Pattern shop, elm gate.....	130.00	
May 27, 1918	14h.	2596	Pattern shop, dry kiln.....	20,000.00	

TRANSCRIPT OF ACCOUNTS.—Appropriation No. 9220, "Navy yard, Washington, D. C.,"
 subtitle No. 123, "Yard improvements," Nov. 30, 1918—Continued.

Date.	No.	Contract.	Description.	Debit.	Credit.
June 25, 1918	14i...	2596.....	Pattern shop, change in brick.....		\$1,000.00
Aug. 5, 1918	14j...		Pattern shop, cement.....	\$3,000.00	
July 27, 1918	14k.....		Pattern shop, switchboard change.....	285.00	
July 29, 1918	14l.....	2596.....	Pattern shop, two kalomeln doors.....	150.00	
Aug. 6, 1918	14m.....	2596.....	Pattern shop, change in glass, first floor.....	500.00	
Dec. 29, 1918	15.....	2671.....	One general storehouse.....	376,751.00	
Mar. 25, 1918	15a.....		Void, never approved.....		
Apr. 20, 1918	15b.....	2671.....	Change freight elevator.....		250.00
May 3, 1918	15c.....	2671.....	Passenger elevator electric device.....	200.00	
June 19, 1918	15d.....	2671.....	One general storehouse, cement.....	20,000.00	
July 5, 1918	15e.....	2671.....	One general storehouse, change in concrete fittings.....		500.00
July 27, 1918	15f.....	2671.....	One general storehouse, piles furnished.....		15,000.00
Oct. 23, 1918	15g.....	2671.....	One general storehouse, altering loading platform and railroad track.....	10,000.00	
Jan. 29, 1918	16.....		Tie in power plant service.....	209,000.00	
May 12, 1918	16b.....	2828.....	Change in sewer layout.....		150.00
July 5, 1918	16c.....		Excavating short of amount required.....		326.25
Aug. 5, 1918	16d.....	2828.....	Frequency changer house, cement.....	207.00	
Sept. 26, 1918	16e.....	2828.....	Frequency changer house, change in roofing.....	2,000.00	
Jan. 24, 1918	17.....		Electric traveling crane, requisition 198, Y. & D.....	11,000.00	
Jan. 28, 1918	18.....	2680.....	Buildings 105 and 112, cement.....	8,000.00	
Do.....	19.....	2534.....	Model storage building.....	33,540.20	
Mar. 28, 1918	19a.....	2534.....	Model storage building, change in footings.....		750.00
Apr. 26, 1918	19b.....		Model storage building, wirings, Y. F.....	913.60	
May 13, 1918	19c.....	2534.....	Model storage building, increased cost, steel.....	4,011.46	
June 19, 1918	19d.....	2534.....	Model storage building, sundry additional.....	9,235.60	
July 19, 1918	19e.....	2534.....	Model storage building, two doors, second floor.....	75.00	
Oct. 23, 1918	19f.....	2534.....	Model storage building, extra doors and partitions.....	278.75	
Jan. 28, 1918	20.....	2680.....	Range-finding tower, reconstruction, 105-112.....	265,129.00	
Feb. 5, 1918	21.....	2601.....	Seamen gunners' quarters.....	148,500.00	
Apr. 20, 1918	21a.....	2601.....	Seamen gunners' quarters, changing sewer layout.....		650.00
Do.....	21b.....	2601.....	Seamen gunners' quarters, changing main stairway.....	200.00	
Do.....	21c.....	2601.....	Seamen gunners' quarters, sundry additional.....	1,800.00	
Apr. 19, 1918	21d.....	2601.....	Seamen gunners' quarters, electric current, steam, water.....	24,905.16	
June 3, 1918	21e.....	2601.....	Seamen gunners' quarters, floor in transformer room.....	33.50	
Oct. 29, 1918	21g.....	2601.....	Seamen gunners' quarters, reconstructing piers.....	7,000.00	
Feb. 2, 1918	22.....		Canceled.....		
Feb. 5, 1918	23.....	2534.....	Model storage machine foundry.....	2,000.00	
Feb. 6, 1918	24.....		Storehouse for combustibles, Y. F.....	10,000.00	
Mar. 20, 1918	24a.....		Oil-tank building; canceled (see 8202-7).....		
Feb. 23, 1918	25.....	2759.....	Canceled by 123-25-B-116-1.....		
May 3, 1918	25a.....	2759.....	Additional storage, fuel oil.....	6,085.00	
Do.....	25b.....	2759.....	Storage for fuel oil.....	37,000.00	
Aug. 9, 1918	25c.....	2759.....	Wood for concrete piles.....	3,000.00	
Mar. 2, 1918	26.....	2763.....	Revise column footings and foundry wall.....	105.00	
Feb. 28, 1918	27.....		Canceled by 119-6.....		
Do.....	28.....		Extending building 67 for annealing furnaces, Y. F.....	11,291.78	
Mar. 12, 1918	29.....		Canceled.....		
Mar. 5, 1918	30.....	2721-B.....	Crane runway foundation, cement.....	4,200.00	
Mar. 13, 1918	30a.....		Canceled by 123-7c.....		
May 27, 1918	30b.....	2721-B.....	Crane runway foundation, cement.....	600.00	
Mar. 9, 1918	31.....	2880.....	Auto sprinkler system.....	24,000.00	
Do.....	32.....	2711.....	Rotary converter set additional.....	150.00	
Apr. 16, 1918	32a.....	2711.....	Three 500-kilowatt converters (gunshop substation).....	28,245.00	
Mar. 9, 1918	33.....	2763.....	Boiler maker's shop.....	81,116.00	
Apr. 26, 1918	33a.....		Boiler maker's shop, change in lavatories.....		100.00
Do.....	33b.....	2763.....	Boiler maker's shop, changes under.....	575.00	
June 22, 1918	33c.....	2763.....	Boiler maker's shop, additional electricity.....	758.80	
Mar. 15, 1918	34.....		Temporary machinery, storehouse.....	2,500.00	
Mar. 20, 1918	35.....		Wiring tower and addition 105-112.....	9,056.70	
Mar. 22, 1918	36.....	2897.....	Pipe tunnels.....	70,000.00	
June 18, 1918	36a.....	2897.....	Pipe tunnels, minor changes.....	1,000.00	
June 19, 1918	36b.....	2897.....	Awarded over allotment.....	1,290.00	
Apr. 3, 1918	37.....		Piles for new quay wall, Req. 199.....	12,000.00	
Apr. 18, 1918	37a.....	2455.....	Increase width of existing quay wall.....	27,000.00	

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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TRANSCRIPT OF ACCOUNTS.—*Appropriation No. 9220, "Navy yard, Washington, D. C.," subtitle No. 123, "Yard improvements," Nov. 30, 1913—Continued.*

Date.	No.	Contract.	Description.	Debit.	Credit.
Apr. 4, 1918	38.....		Erecting third turbine, electric power plant.	\$16,400.00	
Apr. 22, 1918	39.....	2828.	Canceled, provided for 123-16.....		
Apr. 16, 1918	40.....	2931.	Boilers.....	80,000.00	
June 14, 1918	40a.....	2931.	Reduction, credit.....		\$1,544.00
July 18, 1918	40b.....	2931.	Brick for boilers.....	1,175.00	
Aug. 1, 1918	40c.....	2931.	Omit front, etc., etc.....		902.00
Apr. 19, 1918	41.....	2937.	Mine laboratory building.....	70,000.00	
Aug. 1, 1918	41a.....	2937.	Additional on Ct. also change in fittings.....	7,000.00	
Aug. 6, 1918	41b.....	2937.	Insulation, gutter and roof.....	25.00	
Oct. 29, 1918	41c.....	2937.	Board report additional (files and steel).....	114.40	
Apr. 19, 1918	42.....		Steam, oil, and air pipe lines, with extensions.	69,000.00	
Apr. 19, 1918	43.....		Railroad track, sewer, water and electric conduit, with extensions.	112,022.45	
Apr. 22, 1918	44.....	2789.	Quay wall and slip.....	125,000.00	
May 14, 1918	44a.....	2789.	Piles for quay wall.....	25,000.00	
June 13, 1918	44b.....	2789.	Quay wall and slip.....	3,389.68	
May 3, 1918	45.....	2967.	Power plant improvements.....	52,000.00	
May 3, 1918	45a.....	2967.	Power plant, credit under.....		6,000.00
July 26, 1918	45b.....	2967.	do.....		1,194.00
Aug. 1, 1918	45c.....	2967.	Power plant, changing exhaust line, etc.....	1,500.00	
May 10, 1918	46.....	3174.	Brass foundry, sand handling apparatus.....	5,000.00	
May 15, 1918	47.....	2828.	Frequency changer house, cement.....	500.00	
May 15, 1918	48.....	2759.	Fuel-oil storage, cement.....	3,700.00	
May 22, 1918	49.....	3036.	Brass foundry, core ovens.....	25,000.00	
Sept. 4, 1918	49a.....	3036.	Core ovens at brass foundry.....		25,000.00
May 28, 1918	50.....		Crane, electric connections.....	2,070.00	
May 28, 1918	51.....		Electrical improvements.....	9,280.00	
June 7, 1918	52.....	2734-B.	Three traveling cranes.....	30,348.00	
June 7, 1918	52a.....	3051.	Two lumber stages.....	92,000.00	
Aug. 17, 1918	52a-A.	3051.	Two lumber stages, decrease.....		38,714.00
June 7, 1918	53.....	2775-C.	Traveling cranes.....	17,693.00	
June 7, 1918	54.....	2734-A.	1 traveling crane.....	27,780.00	
Aug. 6, 1918	54a.....	2734-A.	1 20-ton crane.....	1,025.00	
June 3, 1918			Cranes, electric connections, erecting shop.	2,700.00	
June 14, 1918			Foundation and structural supports, building 116.	6,000.00	
June 12, 1918	57.....		Electrical improvements, navy yard, and extensions.	163,438.00	
June 22, 1918	57a.....		do.....	16,310.00	
June 8, 1918	58.....	3077.	Electric freight elevator.....	8,000.00	
Aug. 17, 1918	58a.....	3077.	Electric freight elevator, decrease.....		1,500.00
June 10, 1918	59.....		Water, sewer, electric current, to erecting shop.	4,000.00	
June 14, 1918	60.....		Sewer, water connections in forge shop extensions.	6,000.00	
June 18, 1918	61.....	2775-B.	Electric traveling crane.....	51,320.00	
July 19, 1918	61a.....	2775-B.	Electric traveling crane, additional.....	3,100.00	
June 30, 1918	62.....		Canceled by 126-1.....		
July 5, 1918	63.....	2993.	Stokers, C. P. P.....	17,000.00	
July 27, 1918	64.....		Pattern shop, roof pipe railing.....	400.00	
July 19, 1918	65.....		Forge shop, change in door.....	40.00	
Nov. 6, 1918	65a.....		Altering steel door and sash, Building 111, forge shop.	300.00	
Aug. 9, 1918	66.....		Foundations for machinery, Building 111, forge shop extensions.	8,500.00	
Aug. 20, 1918	67.....	3325.	Mesta press and tank foundations.....	16,500.00	
July 28, 1918	68.....	3244.	Extension of boiler plant.....	160,000.00	
Do.....	69.....	3200.	Circulating system, tunnel and suction well.	75,000.00	
Aug. 8, 1918	70.....	3296.	2 radial block chimneys, C. P. P.....	25,000.00	
Aug. 21, 1918	71.....		Service connections, paving, etc., Buildings 105-112.	14,609.13	
			Allotment 71 cancels 123-35.....		9,066.70
Sept. 18, 1918	72a.....		182 lockers, new gun shop, Building 153, Req. 159.	1,820.00	
Sept. 20, 1918	73.....		Certain cranes and rails for cranes.....	6,500.00	
Oct. 23, 1918	74.....		Miscellaneous grading on extension.....	5,000.00	
Nov. 5, 1918	75.....		Boiler house extension, Y. F.....	10,000.00	
Oct. 29, 1918	76.....		Seaman gunners' quarters, reconstruction piers, Y. F.....	5,500.00	
June 22, 1918			Savings, 123-5.....	\$53.03	
			Savings, 123-74.....	302.25	
			Savings, 123-10.....	4.06	
			Savings, 123-4.....	30.21	
			Savings, 123-1.....	808.75	
July 30, 1918			Savings, 123-12F.....		1,199.32
					44.27

TRANSCRIPT OF ACCOUNTS.—Appropriation No. 9220, "Navy yard, Washington, D. C.," subtitle No. 123, "Yard improvements," Nov. 30, 1918—Continued.

Date.	No.	Contract.	Description.	Debit.	Credit.
Aug. 9, 1918	7c		Crane park runway		\$1,407.41
Sept. 9, 1918		2721-B	Savings, 123-7		4,049.00
Do			Savings, cement, 123-30-30B		751.00
			By balance		103,673.87
				\$5,215,167.32	5,215,167.32

Approved allotments deficiency balance..... \$103,673.87
 Allotments pending approval..... 65,556.80

Total obligations deficiency balance..... 169,230.67

ALLOTMENTS PENDING APPROVAL.

Sept. 9, 1918	72		Lockers, various shops	\$33,180.00	
Sept. 12, 1918	21F	2601	Main stairway, changes under	1,321.57	
Do	11E	2670	Forge shop (skylight) also remove wall	7,731.00	
Nov. 12, 1918	79		Boilermakers' shop, alter door YF	700.00	
Nov. 7, 1918	13G	2595	Machine shop, certain foundation	300.00	
Nov. 15, 1918	9D	2598	Slab of sand bin and other changes	330.00	
Nov. 6, 1918	11G	2670	Concrete tank and mesta press	13,000.00	
Nov. 15, 1918	16G	2828	Substation B, floor slab and conduits	270.00	
Do	21H	2601	Seaman gunner quarters, part basement	1,210.00	
Nov. 14, 1918	44C	2789	Quay wall and slip, 2 extra foundations	3,200.00	
Nov. 6, 1918	78		Concrete tanks and mesta press, YF	3,500.00	
Do	67a		Concrete tanks and mesta press, YF, provided for		\$16,500.00
Nov. 7, 1918	8B	2721B	Gun park runway, changes under		2,191.78
Do	14N		Pattern shop, elevator motors, waive Government tests		75.00
Nov. 15, 1918	80	2783	Conduits and changer sets	5,350.00	
Nov. 30, 1918	16F	2828	Substation B, sundry changes	166.36	
Nov. 19, 1918	70A	3295	2 radial blk. chimneys, additional	15,000.00	
Aug. 15, 1918	82		Install steam heat, model stge. building 154	1,303.75	
Nov. 30, 1918	68A	3244	Extension boiler plant, reduction		1,100.00
Nov. 19, 1918	69A	3200	Circulating system in tunnel and take well, decrease		1,063.00
Nov. 18, 1918	9D	2598	General foundry, omit office, southwest corner		340.00
Nov. 25, 1918	33D	2763	Boiler maker shop, omit a sewer and other changes		150.47
Do	12T	2597	Brass foundry, additional for changes under	434.37	
			By balance		65,556.80
				86,997.05	86,997.05

Net total cards pending approval..... \$65,556.80

Transcript of account, appropriation No. 9220, "Navy Yard, Washington, D. C.," subtitles 122 and 127, "Improvements, central power plants and distributing systems."

Date.	Allotment.	Contract.	Description.	Debit.	Credit.
Mar. 4, 1917			Appropriated, subtitle 122		\$772,000.00
July 1, 1918			Appropriated, subtitle 127		85,000.00
May 18, 1917	1		Modify circulating loop	\$1,000.00	
July 2, 1917	2		Foundation for engines	6,000.00	
Aug. 3, 1917	2		Shutes for coal, scales (boiler house)	1,500.00	
July 23, 1917	17	2379-G	Generator	50,110.00	
Dec. 28, 1917	4		Two 500-kilowatt generators, requisition N. S. A. 430	31,000.00	
Jan. 14, 1918	5		Aftercooler (tube and tube head), requisition 216	4,000.00	
Jan. 18, 1918	5A	2546B	Jet condensers and pump equipment	29,664.00	
	5A		Jet condensers and pump equipment, matl. sundry parts	1,650.00	
Jan. 28, 1918	6	2546E	Jet condensers and pumping equipment	3,800.00	
June 14, 1918	6A	2546E	2 circulating pumps	264.00	

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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Transcript of account, appropriation No. 9220, "Navy Yard, Washington, D. C.," subtitles 122 and 127, "Improvements, central power plants and distributing systems"—Continued.

Date.	Allotment.	Contract.	Description.	Debit.	Credit.
Sept. 5, 1917	7.	2479A.	Aftercoolers.....	\$6,470.00	
Apr. 6, 1918	7A.	2479A.	Omit 2 aftercoolers (change A).....		\$140.00
Mar. 8, 1918	8.		Expenses incidental, impts. CPP.....	15,000.00	
Mar. 13, 1918	9.	2879.	Sub. sta. switchboard.....	60,000.00	
	9A.	2879.	Sub. sta. additional required.....	24,250.00	
July 5, 1918	9B.	2879.	Install sub. sta. switchboard.....	525.00	
Sept. 11, 1918	9C.	2879.	Install conduits in gallery floor.....	3,630.00	
Nov. 20, 1918	9D.	2879.	Cancelled.....		
Do	9E.	2879.	Change size of slab for panels, etc.....	100.00	
Mar. 29, 1918	10.	2341.	Omit 5 underfeed stokers.....		17,000.00
Do	11.		5 stokers in boilers (11-16) B. 116.....	20,800.00	
Apr. 9, 1918	12.	2546C.	2 circulating oil pumps.....	3,515.00	
Do	12A.	2546C.	Omit work installing fuel oil pumps.....		50.00
June 7, 1917	13.	2380D.	Air compressors.....	111,480.00	
		2380D.	Air compressors, change "A".....	2,525.00	
Aug. 4, 1917	14.	2341.	Power equipment.....	270,000.00	
Aug. 17, 1917	15.	2341.	Power equipment, additional required.....	150,000.00	
Aug. 6, 1917	16.	2446E.	Generators, etc.....	11,390.00	
Oct. 7, 1918			Savings on 122-3.....		.09
			To balance.....	65,508.09	
				874,190.09	874,190.09
Jan. 7, 1919		2341.	Power equipment.....		65,508.09
			Free balance (to be immediately obligated, requisition No. 301).....		50,000.00
					15,508.09

Transcript of account of appropriation No. 9220, "Navy yard, Washington, D. C.," subtitles 114 and 119, "Gun shop."

Date.	Allotment.	Contract.	Description.	Debit.	Credit.
Aug. 29, 1916			Appropriated, Sub. 114.....		\$200,000.00
Mar. 4, 1917			Appropriated, Sub. 119.....		900,000.00
Apr. 23, 1917		2334.	Construction and complete gun shop.....	\$659,520.00	
Do		2334.	Change "A".....	52,511.40	
Nov. 6, 1917		2834.	Change "D".....	936.00	
Do		2334.	Change "E".....	17,050.00	
Dec. 28, 1917	1.	2783.	Electric-light system.....	12,900.00	
June 3, 1918	1A.	2783.	Increase length 18 circuits.....	225.00	
Feb. 11, 1918	3.	2473.	Heating system.....	48,100.00	
Do	4.		See 119-1.....		
Mar. 5, 1918	5.	2605.	2 electric elevators.....	5,155.00	
Mar. 15, 1918	6.	2334.	Crane runway.....	63,162.97	
May 9, 1918	7.	2334.	Sundry changes.....	1,000.00	
May 13, 1918	8.	8.	Erection of cranes, yard facilities.....	24,640.00	
Do	9.	2334.	Hauling excavated material.....	855.00	
July 26, 1918	9A.	2334.	Structural steel, sash, and glass.....	2,156.00	
May 9, 1918	10.		Erection and electrical connection 40-ton crane.....	1,500.00	
May 29, 1918	11.		Signal system.....	1,310.00	
July 17, 1918	12.		Electrical connection, gun shop.....	16,230.00	
July 26, 1918	13.	2334.	Additional work.....	3,200.00	
Do	14.	2334.	Steel work, etc., connection with loading of P.....	4,768.70	
Aug. 1, 1918	15.	2334.	Expense of moving pile-driver equipment.....	1,000.00	
Sept. 11, 1918	16.		Toilet fixtures; water, sewer, and fire hydrants.....	16,372.50	
Oct. 5, 1918	17.		Superseded by 119-20.....		
Nov. 21, 1918	19.	2334.	Walls, steps, and elevator pit.....	4,500.00	
Apr. 22, 1917		2334.	Credit, change "C".....		1,900.00
July 5, 1918	18.	2334.	Omit grill inclosure for each transformer.....		150.00
			Total obligations.....	937,092.57	
			Total credits.....		1,102,050.00
			Balance.....		164,957.43

The entire amount of the apparent balance available is needed for the completion of the structures not provided for in minor changes, board's reports, and increased cost of labor.

BELLEVUE MAGAZINE.

Another small item, subtitle, "Boundary fence, Bellevue magazine, \$9,000," can be returned out of the \$20,600 appropriation.

Subtitle "Additional land," the condemnation proceedings have gone so far now that they indicate the \$488,000 appropriation is just about \$100,000 too much, so that \$100,000 can be returned.

NAVY YARD, CHARLESTON, S. C.

Navy yard, Charleston, S. C.: Subtitle, "New superstructure for Pier 314." Fifty thousand dollars appropriation; \$17,000 can be returned.

NAVAL STATION, KEY WEST.

Naval station, Key West: Subtitle, "For development of submarine base," \$1,000,000 was appropriated with an authorization of \$2,500,000, and no work has yet been done on account of the necessity of having jurisdiction of land transferred from the Army to the Navy; but that is considered a necessary project.

NAVAL STATION, NEW ORLEANS.

Naval station, New Orleans: Subtitle, "Floating crane." The bureau believes that the \$30,000 appropriation can be returned.

NAVY YARD, MARE ISLAND.

(See p. 550.)

Navy yard, Mare Island: Subtitle, "Revolving crane," \$450,000. There is an unobligated balance of \$60,616, of which probably \$20,000 ought to be retained for tests and minor changes, leaving \$40,000 that can be returned.

Subtitle, "Structural shop and auxiliary improvement," \$2,500,000. The condition since the war in the steel market indicates that 10 per cent of that can be taken off without much doubt, so \$250,000 of that authorization can be returned.

The CHAIRMAN. What do you mean by "that authorization"?

Admiral PARKS. I think I have made a mistake in calling that an authorization. I think that is an appropriation. I will confirm that. Two million five hundred thousand dollars has been appropriated.

NAVY YARD, PUGET SOUND.

At the navy yard, Puget Sound: Subtitle, "Storage facilities," \$500 000: \$2,214.54 can be returned.

NAVAL STATION, GUAM.

Naval station, Guam; Subtitle, "Water supply," \$30,000 appropriation; \$4,803.03 can be returned.

NAVAL STATION, PEARL HARBOR, HAWAII.

Naval station, Pearl Harbor, Hawaii: "Dry dock, to complete." It is believed that a deficiency of \$175,000 should be requested. The actual deficiency at the present time is approximately \$78,000, due to shifting the 50-ton dock crane from steam to electricity. That increased the cost about \$105,000 and created a deficiency where

there would have been a slight balance before; and the dry-dock contractor now believes that he should be given additional compensation on account of the war, and that depends to a great extent upon whether Congress makes provision for taking care of additions to freight, labor, and material due to increases fixed by Government agencies.

In this particular case the contractor was taking his cement from the Pacific coast to Honolulu as fast as he could get space on the ships, and it was not all there before the time that the Government took over the Matson Steamship Line. The Government then established a freight rate per ton which was much in excess of the contract rate between the dry-dock contractor and the steamship company, amounting to about \$47,000 additional freight. Now, those matters have not been all put up in the form of definite figures or a claim, but I added that \$97,000 to the deficiency, and would ask for \$175,000 if provision is to be made to take care of that kind of thing which is beyond the control of the contractor.

The CHAIRMAN. If that is not to be considered at this time, you will want \$78,000?

Admiral PARKS. Yes.

The CHAIRMAN. Who is the contractor?

Admiral PARKS. The San Francisco Bridge Co. That same point, of course, is up at that place with the fuel-oil plant contractor, and at other places the point has similarly been raised; for instance, at Philadelphia. The railroad increased the freight rate 24 cents on the cement, and the contractor said that that was a change vitiating his contract, and he declined to deliver any cement under that contract. Those are points that will probably be considered by Congress or go to the Court of Claims afterwards.

Subtitle "Storehouse," \$100,000, appears to have an overobligation of \$442, but approximately \$8,000 can be returned.

NAVAL MAGAZINE, FORT MIFFLIN, PHILADELPHIA, PA.

Naval magazine, Fort Mifflin: Subtitle "One shell house," \$35,000; \$1,550 can be returned.

Subtitle "Concrete fence," \$46,800; \$9,000 returned.

Subtitle "One set of quarters for chief gunner," \$7,000; \$1,107.25 returned.

MARINE BARRACKS, NORFOLK, VA.

Marine barracks, Norfolk, Va.: Subtitle "Station improvements," \$12,700 appropriation; deficiency, \$1,101.96, in accordance with the expenditure report, but I have not been able to check for error. There is a note that that is being adjusted by return of unused material to store.

DEPOTS FOR FUEL STORAGE, PEARL HARBOR, HAWAII.

Subtitle "Depots for coal, fuel storage, at Pearl Harbor, Hawaii"; deficiency, \$111,000.

The CHAIRMAN. Actual?

Admiral PARKS. I think it is in the neighborhood of \$95,000 now. That is due to a combination of appropriations for fuel storage. There was one direct appropriation of \$40,000 for Pearl Harbor.

There was another one for Pearl Harbor, Guantanamo, and Guam combined, and work was authorized at Pearl Harbor of a certain extent; that is, 30,000-ton oil tank, with the expectation of using a part of the money out of that combined appropriation as well as the direct appropriation of \$40,000, but the allotment of \$40,000 only was made, and that was not discovered until a short time ago.

Subtitle "Fuel-oil storage" has a balance of \$174,623.37, which might properly be used for this \$111,000, but it is also needed at the Chesapeake fuel-oil storage, and I would prefer to see a direct deficiency appropriation made for Pearl Harbor. I would like in the future, if we can, to have these fuel-oil storage appropriations direct for the places instead of combined. We would know a little better what we were going to do.

FUEL-OIL STORAGE, MARE ISLAND, CAL.

(See p. 548.)

Another subtitle, "Fuel-oil storage, Mare Island, Cal.," \$270,000, of which none has been expended, but it is believed that the fuel-oil storage ought to be constructed there. Of course, there is a great deal of fuel-oil storage around San Francisco Bay, and the committee can decide whether conditions are such that that \$270,000 should be expended for the storage at Mare Island now or be deferred.

The CHAIRMAN. Is it available for the other use?

Admiral PARKS. No; that is not available for the deficiency at Pearl Harbor. That is a storage appropriation for Mare Island. The \$174,000. I mentioned for fuel-oil storage is one that will be available for the deficiency at Pearl Harbor.

The CHAIRMAN. What recommendation do you make as to the Mare Island project?

Admiral PARKS. My inclination is to retain the appropriation if at all reasonable. Of course, it is possible to do it or it is possible to take it out, but if it is at all reasonable to retain that appropriation to the purpose at Mare Island, I would recommend it, but I would not say that it is an absolute necessity, on account of the fuel-oil storage that exists around San Francisco Bay.

Subtitle, "Contingent," \$38,000 deficiency, which can come out of that \$174,000 balance that was shown for fuel-oil storage above. It will not be necessary to make an appropriation for that.

NAVAL ACADEMY—BUILDINGS AND GROUNDS.

Naval Academy: Subtitle, "Addition to Isherwood Hall," \$300,000 appropriation, unobligated balance of \$26,511.67, of which something will be required for cleaning up, a fraction of 10 per cent on the contract. It is estimated \$15,000 can be returned.

Subtitle, "Extension of Bancroft Hall," \$1,850,000. It is believed that \$750,000 is necessary to be provided in a deficiency bill.

The CHAIRMAN. Why?

Admiral PARKS. It is estimated that 95 per cent of that work is completed, and they have expended \$1,993,739 out of the appropriation of \$1,850,000, and it is a cost-plus contract, and \$750,000 probably is going to be necessary to finish that cost-plus contract.

The CHAIRMAN. You mean you missed your estimate by that much?

Admiral PARKS. That is the way we might express it; but, of course, the estimates were based upon knowledge of material and

labor costs at the time the work was started, and labor has increased so largely that a difference in price of \$750,000 would be easily covered in the change of labor cost. It is a difference in estimates.

Mr. EAGAN. Any overtime, Sunday, or holiday work there, Admiral?

Admiral PARKS. Until November, but not now. We have absolutely stopped the Sunday and overtime work on all of our work except where necessary to overhaul a power plant or something of that kind, which interferes with ordinary operations or in emergencies.

NAVAL TRAINING STATION, GREAT LAKES.

Naval Training Station, Great Lakes: Subtitle, "Acquisition of land," \$887,500. The appraisals have not yet been made, but based upon information acquired from a Member from that district and a comparison of the estimates and appraisals on the land that we have already appraised, I estimate that \$400,000 of that can be returned. I estimate that \$487,000 will cover the proposition after our appraisal is completed.

NAVAL AIR STATION, PENSACOLA.

Naval air station, Pensacola; water system, \$40,000; \$2,325.26 can be returned.

LAND FOR NAVAL WAREHOUSE, SOUTH BROOKLYN, N. Y.

Additional land for naval warehouse, South Brooklyn, N. Y., \$659,085.90 appropriated; \$1,085.90 returned.

Lighting facilities, navy yard station, \$200,000; \$606.12 returned.

SUBMARINE BASE, NEW LONDON, CONN.

Submarine base, New London, Conn.: Subtitle, "General development," \$750,000. A deficiency of \$474,407.64 is required to cover the obligations.

HOSPITAL AND MEDICAL SUPPLY DEPOTS.

Hospital and medical supply depots, \$21,595,000 appropriated; estimated return, \$1,008,742.

Handling appliances at navy yard, \$450,000 appropriated; returned \$25,000.

AVIATION, NAVY—BUILDING AIR STATIONS.

Aviation, Navy, 1919, allotted \$15,568,674.14, and returned to the Secretary's office \$1,785,109.35.

The CHAIRMAN. That appropriation was made under the head of the Secretary's office?

Admiral PARKS. Yes; all of these we are now discussing are made either under the Secretary's office or other bureaus.

The CHAIRMAN. And it was allotted to you for definite work; what character of work?

Admiral PARKS. For the building of air stations.

The CHAIRMAN. How much have you expended?

Admiral PARKS. The expenditures do not show up here. We have obligated \$5,853,377.93, and the expenditures are pretty nearly the obligations.

The CHAIRMAN. And you had about \$15,000,000?

Admiral PARKS. Yes.

The CHAIRMAN. How much are you figuring you are going to need?

Admiral PARKS. All but \$1,500,000.

The CHAIRMAN. Why?

Admiral PARKS. Additional barracks, landing beach, boiler house, dredging and fill, sewers, heating, lighting, and roads.

The CHAIRMAN. Before you go into the details of it, here is what I would like to understand: A great deal of money was appropriated for aviation during the war. We have now gotten down to a peace basis and you do not know yet how big a force you are going to have, no detail having been worked out as to the permanent air force the Navy is to maintain. In view of that fact, why should you now go ahead expending most of the money that has been appropriated but not yet been allotted? Why should you not stop until you can get a program worked out?

Admiral PARKS. That is a thing I have very little to do with. Immediately after the armistice was signed I asked for some instructions along that line, and a letter was given out, on the 16th of November, by the Chief of Naval Operations to the bureaus stating what work should be stopped and what should be carried on. The work that is ordered carried on represents this amount that has not yet been obligated, except \$1,850,000 of the amount that was originally allotted for this work. That is a matter that Operations determines, and I am not in a position to say that I can not go on with that work from my own knowledge.

The CHAIRMAN. You had better put in the record a list of what you expect to have to spend this additional money for and the places. Then we may be able to find out from Naval Operations why it ought to be done.

Admiral PARKS. We can lay that out for each one of the stations—just what we propose to do with the money.

Allotments from "Aviation, Navy, 1919," from Nov. 1, 1918, to Dec. 14, 1918.

Anacostia:		
Roads.....	\$16,000.00	
Landing beach, additional.....	300.00	
Engine testing.....	19,100.00	
Filling.....	25,000.00	
Rolling doors.....	8,000.00	
Heating system.....	16,000.00	
Exterior mess hall.....	6,000.00	
		\$90,400.00
Bay Shore:		
Remove dock.....	500.00	
Oil-reclaiming house.....	650.00	
Concrete underties.....	88.96	
Gas tank.....	500.00	
Coal vault and driveway.....	480.00	
		2,224.96
Boston, buoys.....		650.00
Brunswick:		
Additional hangars, etc.....	35,000.00	
Miscellaneous construction.....	25,000.00	
	3,266.20	
	275.40	
		63,541.60

Cape May:

Railroad siding.....	\$1,500.00
Additional construction.....	165,000.00
Piping connection.....	4,000.00
Lumber.....	1,500.00
Additional 2½-inch water line.....	271.48
Additional magazine F. B. ammunition.....	900.00
Furniture and fittings.....	10,000.00
Additional drainage.....	20.00
Scrub pipe radio shop.....	3,000.00

\$186,191.46

Chatham:

3474. Pump house.....	1,500.00
3474. Door trusses.....	315.00
3474. Painting.....	4,070.00
3474. Valve in hydro line.....	100.00
3474. Additional work.....	17,000.00
3337. Straighten lintels.....	65.00
2337. Additional painting, gas holder.....	118.49
3181. Relocate conduit.....	15.93
Hagar pavement and beach.....	160,000.00

183,184.42

Coco Solo:

1 50-kilowatt generator.....	600.00
Gas standing tanks.....	3,000.00

3,600.00

Galveston:

Portable buildings.....	50,000.00
Dredging additional.....	500.00
Shops and industrial building.....	270,000.00

320,500.00

Great Lakes, additional buildings..... 300,000.00

300,000.00

Hampton Roads:

Heating.....	2,300.00
Buildings on piers (2,500, 3,700, 5,400).....	11,600.00
Steam, water, and electric connection.....	5,000.00
Remodeling hangar C.....	7,200.00
Remodeling hangar B.....	10,000.00
10-ton scale.....	1,000.00
Repairs to beach.....	23,000.00
Heating Y. M. C. A.....	410.00
Hangars, pavement and M. R. R.....	165,000.00
Oil storage and reclaiming house.....	20,000.00

245,510.00

Key West:

Office furniture.....	1,000.00
2 oil racks.....	1,880.00
Alteration Buildings 16-18.....	1,800.00
Additional machine shop.....	335.00
Valve in supply line.....	100.00
Enlarge screens.....	450.00
Photo laboratory.....	7,000.00
Additional water and sewer.....	700.00

13,265.00

Miami:

Additional storehouse.....	12,000.00
Fire protection.....	10,000.00
Septic tank.....	5,000.00
Mess hall, Marine field.....	1,500.00
Aerographic hut.....	280.00
Water tank, latrine, and sewer.....	2,000.00
Material for gunnery—Requisition 185.....	1,788.01

32,568.01

Montauk:			
3164 tar paper, etc.	\$450.00		
3164 cut-out panels	137.50		
3639 extend heating system	15,000.00		
Requisition generator	850.00		
3164 metal lining	120.00		
			\$16,557.50
Morehead City:			
Portable buildings	150,000.00		
Emergency expenses	20,000.00		
Dredging	50,000.00		
			220,000.00
New York:			
Sundry expenses	801.62		
Bulkhead Thirty-fifth Street	571.67		
			1,373.29
Pensacola:			
Chains for aeroplanes	800.00		
Latrine, Camp Bennett	3,000.00		
3640. Plumbing for latrine	3,000.00		
3640. Equipment, new mess hall	18,000.00		
Additional cold storage, etc.	79,500.00		
Generator and gas engine	1,750.00		
2357. Additional work	2,337.53		
3656. Steam line	7,500.00		
3656. Fire house and equipment	10,000.00		
3656. Extension sewer, barracks, and mess hall	7,000.00		
3656. Galley equipment, Camp Bennett	17,000.00		
3656. Six lanterns	21.00		
4 squad houses	96.48		
Photo laboratory and oil reclaiming	11,366.74		
1 generator	850.00		
Guard rail for seaplanes	726.92		
3376. Platform for swinging ships	246.00		
3376. Extending steam line	8,275.00		
Additional vegetable storage	409.26		
Additional for temporary storage	363.61		
Salary	606.00		
Miscellaneous minor items	10,000.00		
Water and sewer, Santa Rosa	16,000.00		
Barracks buildings	190,000.00		
3534. Temporary barracks	39,000.00		
			427,848.54
Philadelphia:			
3341. Railroad connection	500.00		
3341. Railroad material	1,700.00		
3137. Relocate building D	80,000.00		
3341. Excess of contract	38,000.00		
			120,200.00
Rockaway:			
Sewage disposal	385.00		
16 fender piles	880.00		
3412. Heating system	1,500.00		
3412. Lumber	600.00		
3058. Storehouse	150.00		
3058. Requisition 602, boilers	12,600.00		
3084-B. Concreting and changing 2 doors	870.00		
			16,985.00
San Diego:			
Furniture and fittings	30,000.00		
Additional transformer	800.00		
Transporting gas-holder material	200.00		
Relocate fence	1,000.00		
Temporary buildings	15,000.00		
3351. Magazine building, additional	109.00		
3363. Pump well to elevator 33	600.00		
3185. Concrete roads	98.50		
3342. Fresh-water supply	2,050.00		
Transformer	330.00		
Landing beach, Coronado	1,500.00		

San Diego—Continued.

2909. Student officers' quarters.....	\$3,400.00	
Requisition pump, lubricator, etc.....	1,650.00	
3611.	410,000.00	
2909. Additional.....	2,500.00	
3184. Additional.....	2,186.55	
2909. Additional.....	47.07	
2909.	16.90	
2909.	327.70	
2909.	247.47	
2909. ....	.21	
3363. Additional.....	9,691.00	
Ammunition storage.....	2,250.00	
Crane.....	4,500.00	
3259. Additional.....	63,900.00	
		\$495,666.90
Gloucester (4th), unload coal.....	2,000.00	
Aircraft:		
3235. Additional.....	150.00	
2841-A. Additional.....	51.88	
3028-B. Crane.....	8,180.00	
3322. Additional.....	503.00	
3153. Railroad track south of assembly shop.....	10,000.00	
2841-C. Additional.....	540.00	
2864. Additional.....	2,000.00	
Power and telephone system.....	12,000.00	
2841-B. Additional.....	125.00	
2841-B. Additional.....	1,680.21	
2841-B. Additional.....	1,261.00	
3636. Addition to service building.....	8,000.00	
9205-11.	3,000.00	
2441-BX. 2 Edgemoor boilers.....	51,267.85	
Paving and railroad.....	35,000.00	
2841-B. Additional.....	900.00	
2841-B. Additional.....	350.00	
2841-B. Additional.....	2,000.00	
		135,008.94
Total allotted on Dec. 14, 1918.....		718,324.33
Total.....		3,598,436.00

ITEMS AUTHORIZED BUT NOT ACTUALLY ALLOTTED ON DEC. 14, 1918.

Aircraft:		
Railroad and paving.....	\$95,690.00	
Hose and hose racks.....	2,400.00	
2841-B. Additional.....	410.00	
Adjusting contracts.....	90,000.00	
Bates work.....	25,000.00	
Cape May, 24-inch water line, additional.....	271.46	
Akron. extension. railroad track.....	1,000.00	
Aircraft storage D:		
Roofing.....	7,492.87	
Transfer from N. E. F.....	300,000.00	
Coco Solo, wooden hangar, etc.....	40,000.00	
Chatham:		
3319. \$55,900; allotted \$38,000 (9205-6).....	17,900.00	
3581. \$162,000; allotted \$160,000.....	2,000.00	
3612.	45,000.00	
Gloucester:		
Maintenance.....	15,000.00	
3381. Change, extend building.....	17,500.00	
Hampton Roads:		
Steam line, Y. M. C. A.....	410.00	
3623.	34,000.00	
Montauk, 3720, buildings.....	14,000.00	
Pensacola, heating system.....	10,250.00	
Total (included in total of \$3,598,436).....		718,324.33

Naval air stations, construction for which unobligated specific allotments are to be used.

		Balance unobligated to date.
Chatham, dredging		\$10,000
Hampton Roads:		
Erecting and inclosing steel hangar	\$65,000	
One 3-section hangar, 110 by 160 by 32 feet	175,000	
One 2-section hangar, 150 by 150 by 35 feet	160,000	
Concrete runways	75,000	
Concrete paving	70,000	
Railroad connection	20,000	
Gasoline system	25,000	
Motor test houses, etc.	60,000	
Water supply	30,000	
Utilities and miscellaneous	80,000	
		760,000
Key West, completing hangars and beach		190,000
Galveston, quarters, including barracks, officers' quarters, mess hall, administration building, etc.		214,500
San Diego:		
Ordnance building	\$20,000	
Photo laboratory and miscellaneous buildings	25,000	
Planting	20,000	
Administration building	87,100	
Additional cost hangar doors, this will have to be obligated ..	63,900	
		216,000
Total		1,390,500

Estimate of expenditures, naval air stations, to June 30, 1918.

Chatham:			
Additional fill	\$25,000		
Roads and walks	10,000		
Ordnance buildings	15,000		
Equipping buildings under construction	20,000		
Extending utilities, heat, water, etc.	15,000		
		\$85,000	
Montauk:			
Ordnance buildings	15,000		
Equipping buildings under construction	8,000		
Extending utilities	20,000		
Additional small buildings	6,000		
		49,000	
Rockaway:			
Fire protection	25,000		
Roads and walks	30,000		
Ordnance buildings	15,000		
Equipping new buildings	15,000		
Heating hangars	25,000		
Extending utilities	20,000		
		130,000	
Cape May:			
Roads and walks	15,000		
Runway	25,000		
Extending utilities	15,000		
Equipping building under construction	25,000		
Additional small buildings	8,000		
		88,000	
Anacostia:			
Walks	4,000		
Ordnance buildings	15,000		
Extending utilities	5,000		
		24,000	

Hampton Roads:		
Extending utilities.....	\$20,000	
Erecting portable buildings and hangars.....	15,000	
Roads and walks.....	12,000	
		\$47,000
Miami:		
Ordnance buildings.....	15,000	
Extending utilities and miscellaneous.....	15,000	
		30,000
Key West:		
Roads and walks.....	15,000	
Ordnance buildings.....	15,000	
Equipping buildings under construction.....	14,000	
Small additional buildings.....	6,000	
Extending utilities.....	15,000	
		65,000
Pensacola:		
Equipping buildings under construction.....	12,000	
Ordnance buildings.....	15,000	
Extending utilities.....	25,000	
Roads, walks, and grading.....	35,000	
		87,000
Coco Solo:		
Additional barracks.....	75,000	
Runways.....	25,000	
Ordnance buildings.....	15,000	
Equipping buildings.....	10,000	
Roads and walks.....	12,000	
Extending utilities.....	15,000	
		152,000
Galveston:		
Additional dredging.....	25,000	
Equipping buildings being constructed.....	35,000	
Roads and walks.....	50,000	
Ordnance buildings.....	15,000	
Utilities, heat, water, sewerage, etc.....	95,000	
		220,000
Morehead City:		
Additional portable buildings and equipment.....	40,000	
Roads and walks.....	25,000	
Utilities and miscellaneous.....	30,000	
		95,000
Brunswick:		
Additional portable buildings and equipment.....	45,000	
Roads and walks.....	25,000	
Utilities and miscellaneous.....	50,000	
		120,000
Marine flying field, Miami:		
Grading.....	15,000	
Portable buildings and equipment.....	25,000	
Roads and walks.....	15,000	
Utilities and miscellaneous.....	18,000	
		73,000
Bay Ridge (marginal parkway):		
Erecting and equipping portable buildings.....	25,000	
Roads, walks, and grading.....	15,000	
Erecting hangars.....	22,000	
Utilities and miscellaneous.....	12,000	
		74,000
Yorktown:		
Kite-balloon hangers, including erection.....	65,000	
Portable barracks.....	60,000	
Roads, walks, and grading.....	25,000	
Utilities and miscellaneous.....	20,000	
		170,000

Charleston:

Portable barracks, including erection.....	\$35,000	
Roads, walks, filling, etc.....	25,000	
Utilities and miscellaneous.....	15,000	
		\$75,000
Rest stations and miscellaneous.....		100,000

Amount needed to house large-size dirigibles, not including barracks, living quarters:

600 acres of land, at \$200.....	120,000	
Clearing and leveling 600 acres, at \$50.....	30,000	
2 hangers (150 by 135 by 770 feet each).....	1,200,000	
1 generator building.....	12,000	
2 gas holders and piping, 250,000 cubic feet.....	125,000	
1 compressor house and laboratory.....	10,000	
		1,497,000

Total..... 3,181,000

NITRATE PLANT, INDIANHEAD.

Admiral PARKS. For the Navy nitrate plant at Indianhead \$5,000,000 was allotted to the bureau, of which we have expended \$791,200 as of November 1. That covers boilers and things of that kind which had not been delivered and that were equally good for the armor plant. After it became necessary to cut down the expenditures on the nitrate plant I shifted the delivery of articles that had been contracted for on account of the nitrate plant to other places where they could be used and where the corresponding material had not yet been ordered. That reduces the \$791,200 to about \$150,000, so that of the allotment of \$5,000,000 to the bureau, \$4,850,000 goes back.

FUEL AND TRANSPORTATION, BALTIMORE.

"Fuel and transportation, Baltimore." The allotment was \$226,990, and turned back \$150,000. That was for a fuel station at Curtis Bay that need not be as large as we needed prior to November 11.

CONSTRUCTION AND REPAIR.

"Construction and repair." The allotment was \$3,500 at Indianhead and \$1,566.75 goes back.

MARINE BARRACKS.

"Maintenance, Quartermaster Corps, Marine Barracks." Those marine barracks were at Quantico for 7,800 men, and at Paris Island for the incoming marines. At Paris Island we have had \$2,814,000 allotted and need \$172,000 more.

The CHAIRMAN. Why?

Admiral PARKS. To complete the work that is being done under the Griffith contract, and partly on account of a poor estimate of the amount of material necessary to be removed in the channel to get up to the quartermaster's landing.

The CHAIRMAN. This was an allotment, was it?

Admiral PARKS. Yes, sir.

The CHAIRMAN. Why can they not allot you more money?

Admiral PARKS. They can do so.

The CHAIRMAN. And they have it?

Admiral PARKS. They are the ones who will ask for a deficiency, if there is one.

The CHAIRMAN. You are not asking for one?

Admiral PARKS. I am not asking for a deficiency, but I am just giving you the state of the allotment. At Quantico we have had an allotment of \$3,331,000 and will turn back \$61,000.

ALLOTMENTS FROM VARIOUS FUNDS.

Out of the naval emergency fund we have had \$20,488,175, of which \$19,535,038.20 has been obligated up to November 1; there is an unobligated balance of \$953,136.80, with an estimated deficiency of \$203,000 and a saving of \$57,000. That includes some allotments for bonus on account of facilitating the construction of a dry dock at Philadelphia and one at Norfolk. There is no indication whatever that any bonus will be earned on the Philadelphia dry dock but some may be earned on the Norfolk dock. I think \$660,000 was set aside for the bonus, so that there will be no actual deficiency in our allotment.

The CHAIRMAN. Where did that money come from?

Admiral PARKS. The naval emergency fund.

The CHAIRMAN. Where do you get your money?

Admiral PARKS. The naval emergency fund from the Secretary's office; ordnance and ordnance stores from Ordnance; Naval Gun Factory from Ordnance; reserve ordnance supplies from the same; national security and defense from the Secretary's office; medicine and surgery, care of hospital patients, from the Bureau of Medicine and Surgery; schools or camps of instruction for recruits and naval reserve force from the Bureau of Navigation; arming and equipping Naval Militia from Navigation.

TEMPORARY OFFICE BUILDING.

There was a special appropriation for the temporary office building. Of the appropriation for the temporary office building we have about \$50,000 left of the amount allotted for the linoleum, I think, and about \$175,000 on the main construction of the building. It is, perhaps, desirable to make a few more expenditures on the building.

For instance, the lighting of the corridors. There are several miles of corridors. It is probably desirable to make a watchman circuit that will switch an occasional lamp on and another circuit for the rest of the lamps of the corridors. At present they are all on a single circuit. It seems to me that it would pay us to spend a few dollars on that. We have a flagpole on each building. It is thought that a flagpole on each corner so that the allies' flags could be flown would be desirable at the present time. That means something like \$600 or \$700 more. A carpenter repair shop is rather necessary for the furniture and a few things of that kind. We think that a tile partition put around the space to be used for the carpenter shop would add to the safety. That would cost \$1,400 or \$1,500 more. There are three or four little things of that kind that I believe ought to be done, but not under this contract with Turner. I want to get that closed up. He has sent away everybody but his accounting people. There might be half a dozen of those items to do under an open contract requisition or something of that kind. I do not believe more than \$15,000 anyway for the lot, so that there will probably be in the neighborhood of \$150,000 or \$160,000 to be returned on the appropriation.

MONDAY, JANUARY 6, 1919.

BUREAU OF MEDICINE AND SURGERY.

STATEMENT OF DR. W. S. GIBSON, CHIEF CLERK.

MEDICAL DEPARTMENT.

The CHAIRMAN. You have had under the head of "Medical Department" \$12,621,740.

Dr. GIBSON. Yes, sir.

The CHAIRMAN. Your expenditures, as of November 1, purport to be \$5,986,697.34, leaving an unexpended balance as of that date of \$6,635,042.66, with unpaid obligations estimated at \$6,273,818.09, making a deficiency of \$1,638,775.43, and an estimated deficiency for the year of \$1,976,118.08.

Dr. GIBSON. That estimated deficiency is based on appropriations made for the war period since March 3, 1917.

The CHAIRMAN. How much actual deficiency have you at this time?

Dr. GIBSON. We have an actual deficiency under the appropriations made, down to the act of July 8, 1918, but excluding the naval act of July 1, 1918, of \$976,118.08.

The CHAIRMAN. You contemplate a deficiency for the balance of the year of \$1,000,000?

Dr. GIBSON. Yes, sir; we contemplate a deficiency under the current act of \$1,000,000.

The CHAIRMAN. What are those unpaid obligations amounting to over \$6,000,000?

Dr. GIBSON. Those are outstanding contracts and purchases.

The CHAIRMAN. How far is it necessary to meet them and how far are you endeavoring to cancel them?

Dr. GIBSON. We are not endeavoring to cancel a great many of those.

The CHAIRMAN. Why?

Dr. GIBSON. Because there is no diminution in the activities of our bureau. We are handling a naval population now of about 626,000; we are caring for the sick and wounded of the Army that are being brought home on our vessels, and our activities are as great as they were in the preceding year.

The CHAIRMAN. You say the deficiency for last year must be taken care of, amounting to \$976,118.08.

Dr. GIBSON. Yes, sir; \$976,118.08.

The CHAIRMAN. That is a 1918 deficiency?

Dr. GIBSON. 1918, and 1917-1918, where they were combined.

The CHAIRMAN. You can not combine deficiencies. Did you have a balance from 1917 that was carried forward or a deficiency from 1917—

Dr. GIBSON (interposing). We put the acts of 1917 and 1918 together.

The CHAIRMAN. Did you have any deficiency at the end of 1917?

Dr. GIBSON. I would not be able to say that positively, because the 1918 appropriations were made applicable to 1917, and were merged in such a way that we have a deficiency, as stated here. The 1917 and 1918 appropriations were so merged together that we

have the deficiency stated here under the combined appropriations down to the end of 1918.

The CHAIRMAN. In point of fact, unless you got money to pay the 1917 bills, an appropriation for a 1918 deficiency would not be usable for any existing deficiency in 1917.

Dr. GIBSON. No, sir.

The CHAIRMAN. But they paid the deficiency out of the appropriations made for 1918?

Dr. GIBSON. Yes, sir.

The CHAIRMAN. The language of the appropriation permitted that?

Dr. GIBSON. Yes, sir.

The CHAIRMAN. You are sure of that?

Dr. GIBSON. Yes, sir; the act of June 15, 1917, was made applicable to prior obligations.

The CHAIRMAN. So you actually need the amount just stated for the 1918 deficiency?

Dr. GIBSON. Yes, sir.

The CHAIRMAN. You estimate \$1,000,000 as your need for the balance of this year?

Dr. GIBSON. Yes, sir.

The CHAIRMAN. Apparently, after you have paid your outstanding obligations, you will have \$300,000 over and above your debts as a free balance at this time.

Dr. GIBSON. Yes, sir.

The CHAIRMAN. On what are you estimating that \$1,000,000, or on what basis are you estimating it?

Dr. GIBSON. On the expenses we have incurred during the preceding year—that is, knowing those expenses, and knowing what it cost the Medical Department of the Navy during the preceding year, we know that it will require at least \$6,000,000 to carry on the activities this year, or the same activities continued from last year.

The CHAIRMAN. You had \$12,000,000 for this year.

Dr. GIBSON. We have had \$12,621,740 since March 4, 1917.

The CHAIRMAN. How much have you had for this year?

Dr. GIBSON. I beg your pardon. We have had \$7,621,740 since March 4, 1917, and \$5,000,000 for this year, making a total of \$12,621,740.

The CHAIRMAN. So you are figuring on the basis of an expenditure of \$6,000,000 for the year?

Dr. GIBSON. For the current year; yes, sir.

CONTINGENT EXPENSES.

The CHAIRMAN. Under "Contingent Expenses of the Navy," you have had \$3,291,080; you have spent \$1,917,701.61; you had an unexpended balance on November 1, of \$1,373,374.39; unpaid obligations of \$1,543,984.93, with a deficiency of \$170,610.54, and an estimated total deficiency of \$722,286.40. How much of this is a 1918 deficiency?

Dr. GIBSON. \$222,286.40. \$500,000 of that is an estimated deficiency, or apparent deficiency, for the current year.

The CHAIRMAN. Predicated upon what?

Dr. GIBSON. Upon the same statement that I made with regard to the preceding appropriation for Medical Department—that is, on the activities of last year and the continuing activities of this year.

The CHAIRMAN. How much money did you have for this year?

Dr. GIBSON. \$1,500,000.

The CHAIRMAN. And you figure on requiring \$2,000,000?

Dr. GIBSON. Yes, sir.

The CHAIRMAN. What did you spend last year, including this deficiency?

Dr. GIBSON. We had \$1,791,080 appropriated, and of that appropriation we are deficient \$222,286.40. We spent about \$2,000,000, or something over \$2,000,000.

The CHAIRMAN. Do you figure that your expenses will be as heavy this year as last year?

Dr. GIBSON. Yes, sir; and heavier this year than last year.

TRANSPORTATION OF REMAINS OF OFFICERS AND ENLISTED MEN.

The CHAIRMAN. The next item you have is for bringing home the remains of officers. For this purpose you have had \$982,658; you have spent \$373,351; you have an unexpended balance of \$609,306.44, unpaid obligations of \$162,944.73, leaving an unobligated balance of \$446,361.71 and an estimated deficiency of \$350,000. How much of that deficiency is for 1918?

Dr. GIBSON. None of it. We had no deficiency up to the beginning of this year.

The CHAIRMAN. On what do you predicate the need for \$350,000 more?

Dr. GIBSON. For the transportation of remains.

The CHAIRMAN. I understand that; but you must have some figures on which to predicate it.

Dr. GIBSON. We made a calculation at the time these estimates were written on the number we would have to bring home from abroad and on the number dying at home and overseas, based on the population of the Navy. We took the general rate of deaths per thousand, and knowing what the activities were last year and this year, and the number abroad, we reached this estimated sum.

The CHAIRMAN. How much money have you had for this year?

Dr. GIBSON. For the year 1917-18 we have had \$632,658.

The CHAIRMAN. You mean for 1918?

Dr. GIBSON. Yes, sir; for the preceding year.

The CHAIRMAN. You did not spend anywhere near that sum of money?

Dr. GIBSON. The accounts are not yet settled, but I think we will have spent pretty nearly all of that sum.

The CHAIRMAN. And you are estimating this year the same amount?

Dr. GIBSON. We received an appropriation this year of \$350,000 and we estimate a deficiency of \$350,000. The appropriation will then be about \$700,000 this year, which will be a little more than the appropriation for last year. Last year it was \$632,658.

The CHAIRMAN. Was your last year's appropriation made available for this year?

Dr. GIBSON. Yes, sir; this is the only appropriation that lasts two

The CHAIRMAN. Have you any reason to contemplate that your expenditures for last year will be as much as \$700,000?

Dr. GIBSON. No, sir; I do not certainly know. It will be \$632,000, anyhow, the amount of the appropriation. We do not expect to have any surplus under that.

The CHAIRMAN. Apparently you have only spent \$373,000 in 18 months, and if you include the unpaid obligations you would have expended only about \$530,000.

Dr. GIBSON. With an unobligated balance of \$446,000.

The CHAIRMAN. That is the free balance. But, taking your unpaid obligations up to November 1, and including what you have spent, it amounts to only about \$530,000. You have spent \$373,354, as of November 1, and your unpaid obligations as of that date were \$162,944.73, making a total of something over \$530,000.

Dr. GIBSON. Yes, sir; \$530,000.

The CHAIRMAN. And that is in 18 months?

Dr. GIBSON. Yes, sir; but during that 18 months we have not been bringing bodies home from France.

The CHAIRMAN. The number of officers who die abroad in the naval service and whose bodies are to be brought home is rather limited, is it not?

Dr. GIBSON. We expect to bring home every body. We have promised that in every instance.

The CHAIRMAN. This also takes care of marines, as well as of naval officers?

Dr. GIBSON. Yes, sir; I am sorry I did not make that statement in the beginning. Our bureau is the only bureau that includes in its estimates expenses on account of the Marine Corps. Our medical expenses include the Marine Corps, and also our contingent expenses. We are the only bureau that includes the Marine Corps in that way

CARE OF HOSPITAL PATIENTS.

The CHAIRMAN. For the care of hospital patients you have had \$7,000,000; you have expended, as of November 1, \$4,867,064.69, leaving an unexpended balance as of November 1 of \$2,132,935.31; with unpaid obligations of \$2,331,942.91, leaving a present deficiency of \$199,007.60 and an estimated deficiency of \$1,096,321. How much of the actual deficiency is a 1918 deficiency?

Dr. GIBSON. The 1918 deficiency is \$596,321.

The CHAIRMAN. How is it possible that that can be when there appears here an actual deficiency of only \$199,000? You must have charged that deficiency to this year's funds.

Dr. GIBSON. No, sir; they are not made interchangeable. My figures show that we are now deficient under the appropriation for the present fiscal year \$596,321, as of November 11, when I made this statement up.

The CHAIRMAN. How much money did you have for last year?

Dr. GIBSON. \$3,000,000.

The CHAIRMAN. And you have spent it?

Dr. GIBSON. We have spent it.

The CHAIRMAN. And owe that much more?

Dr. GIBSON. \$596,321; yes, sir.

Dr. GIBSON. Upon the same statement that I made with regard to the preceding appropriation for Medical Department—that is, on the activities of last year and the continuing activities of this year.

The CHAIRMAN. How much money did you have for this year?

Dr. GIBSON. \$1,500,000.

The CHAIRMAN. And you figure on requiring \$2,000,000?

Dr. GIBSON. Yes, sir.

The CHAIRMAN. What did you spend last year, including this deficiency?

Dr. GIBSON. We had \$1,791,080 appropriated, and of that appropriation we are deficient \$222,286.40. We spent about \$2,000,000, or something over \$2,000,000.

The CHAIRMAN. Do you figure that your expenses will be as heavy this year as last year?

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Dr. GIBSON. We made a calculation at the time these estimates were written on the number we would have to bring home from abroad and on the number dying at home and overseas, based on the population of the Navy. We took the general rate of deaths per thousand, and knowing what the activities were last year and this year, and the number abroad, we reached this estimated sum.

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Dr. GIBSON. The accounts are not yet settled, but I think we will have spent pretty nearly all of that sum.

The CHAIRMAN. And you are estimating this year the same amount?

Dr. GIBSON. We estimate an appropriation this year of \$350,000 and we estimate a deficiency of \$350,000. The appropriation will then be about \$700,000 this year, which will be a little more than the appropriation for last year. Last year it was \$632,658.

The CHAIRMAN. Was your last year's appropriation made available for this year?

Dr. GIBSON. Yes, sir; this is the only appropriation that lasts two years.

The CHAIRMAN. Have you any reason to contemplate that your expenditures for last year will be as much as \$700,000?

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The CHAIRMAN. That is the free balance. But, taking your unpaid obligations up to November 1, and including what you have spent, it amounts to only about \$530,000. You have spent \$373,354, as of November 1, and your unpaid obligations as of that date were \$162,944.73, making a total of something over \$530,000.

Dr. GIBSON. Yes, sir; \$530,000.

The CHAIRMAN. And that is in 18 months?

Dr. GIBSON. Yes, sir; but during that 18 months we have not been bringing bodies home from France.

The CHAIRMAN. The number of officers who die abroad in the naval service and whose bodies are to be brought home is rather limited, is it not?

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Dr. GIBSON. Yes, sir; I am sorry I did not make that statement in the beginning. Our bureau is the only bureau that includes in its estimates expenses on account of the Marine Corps. Our medical expenses include the Marine Corps, and also our contingent expenses. We are the only bureau that includes the Marine Corps in that way

CARE OF HOSPITAL PATIENTS.

The CHAIRMAN. For the care of hospital patients you have had \$7,000,000; you have expended, as of November 1, \$4,867,064.69, leaving an unexpended balance as of November 1 of \$2,132,935.31; with unpaid obligations of \$2,331,942.91, leaving a present deficiency of \$199,007.60 and an estimated deficiency of \$1,096,321. How much of the actual deficiency is a 1918 deficiency?

Dr. GIBSON. The 1918 deficiency is \$596,321.

The CHAIRMAN. How is it possible that that can be when there appears here an actual deficiency of only \$199,000? You must have charged that deficiency to this year's funds.

Dr. GIBSON. No, sir; they are not made interchangeable. My figures show that we are now deficient under the appropriation for the present fiscal year \$596,321, as of November 11, when I made this statement up.

The CHAIRMAN. How much money did you have for last year?

Dr. GIBSON. \$3,000,000.

The CHAIRMAN. And you have spent it?

Dr. GIBSON. We have spent it.

The CHAIRMAN. And owe that much more?

Dr. GIBSON. \$596,321; yes, sir.

The CHAIRMAN. We gave you \$4,000,000 for this year. How much of that have you spent?

Dr. GIBSON. I have not the figures for that now. The accounts have not been settled.

The CHAIRMAN. I am simply trying to reconcile the statement you have presented here. I do not know how you arrive at this statement that you have \$199,000 of present deficiency when you tell me that you have \$596,000 of deficiency for last year.

Dr. GIBSON. Now, if you will go along on that sheet, I can show you that. I can not explain that exactly, because this sheet was gotten up by the Bureau of Supplies and Accounts, but if you will go along to the third column there you will see an estimated deficiency of \$1,096,321.

The CHAIRMAN. That is an estimated deficiency?

Dr. GIBSON. Yes, sir. That is the same deficiency that I have here on my sheet. The \$596,321 is the amount I gave you for last year, and \$500,000 is for this year.

The CHAIRMAN. On what basis do you figure this deficiency of \$500,000 for this year? Last year you spent \$3,500,000, while this year you have \$4,000,000, and are figuring on an expenditure of \$4,500,000.

Dr. GIBSON. Yes, sir; our Navy is larger this year than last year.

The CHAIRMAN. But it will not be larger during the whole year?

Dr. GIBSON. But half of the year is gone. I have a census made up last week, showing the strength then, and the very latest figures are 626,528 men.

The CHAIRMAN. But you are proposing to demobilize a very large proportion of those men.

Dr. GIBSON. Yes, sir.

The CHAIRMAN. In view of that fact, do you think you will need to expend \$1,000,000 more money this year than last year?

Dr. GIBSON. It looks very much as though we would.

The CHAIRMAN. On what basis?

Dr. GIBSON. We have in New York 2,000 patients in excess of our naval hospital accommodations. The number varies from 1,900 to 2,300, but we have made a conservative estimate of 2,000 patients, all the time, out in civilian hospitals. We are paying \$2.50 per day for most of them. That makes \$5,000 per day that we are paying in New York alone for the care of naval and marine patients for for whom we have no room in the naval hospitals. We are doing the same thing in Boston, the same thing in Philadelphia, and the same thing in Washington, but on a very much smaller scale. Our expenses at the rate of \$5,000 per day would be nearly \$2,000,000 per annum at New York. If the Navy is largely demobilized during the next six months it will reduce the expense at the end of the year, or perhaps in the last quarter, but there is no chance for a reduction of expense incurred during the six months past nor, in all probability, during January, February, and March.

The CHAIRMAN. You do not know how much you spent during the past six months?

Dr. GIBSON. No, sir.

The CHAIRMAN. Of course that would enable you to know something about what you would spend during the next six months.

Dr. GIBSON. No, sir; I do not know. We are spending it both at home and abroad, and we do not know how much we are spending abroad. We have not yet been able to get a statement of accounts from Admiral Sims for this current year.

NAVAL HOSPITAL, FORT LYON, COLO.

The CHAIRMAN. You have a little item of \$19,600 for a naval hospital at Fort Lyon, Colo., that you do not seem to have spent at all.

Dr. GIBSON. We have not paid that out, but we have bought the land. That was in last year's appropriation. We have bought the land, but it takes time to pay the bills.

The CHAIRMAN. Have you submitted estimates for these various deficiencies?

Dr. GIBSON. Not yet.

The CHAIRMAN. As you know, that is a necessary preliminary to the voting of the money.

TUESDAY, DECEMBER 10, 1918.

STEAM ENGINEERING—CONSTRUCTION AND REPAIR.

(See p. 571.)

**STATEMENTS OF REAR ADMIRAL ROBERT S. GRIFFIN,
CHIEF BUREAU STEAM ENGINEERING, AND REAR ADMIRAL
DAVID W. TAYLOR, CHIEF BUREAU CONSTRUCTION AND
REPAIR.**

ENGINEERING.

(See p. 575.)

The CHAIRMAN. Under the head of "Engineering" you have \$107,230,500, you seem to have expended up to November 1 \$65,292,324.12, leaving an unexpended Treasury balance on that date of \$41,938,175.88. You have estimated that you have unpaid obligations as of November 1, of \$13,562,608.89, leaving an unobligated balance of \$28,375,566.99. Is that whole figure strictly an unobligated balance in the sense that there is nothing standing against it?

Admiral GRIFFIN. We do not know; we can not tell at this time. Our returns are sometimes three months late coming in. We do not know absolutely, but according to the returns we already have in, that much is now available. All returns may not be in.

The CHAIRMAN. What character of work is paid for under this heading of engineering?

Admiral GRIFFIN. The repairs and maintenance of all machinery for propelling the ships, boilers, engines, and so on, the electric power, lighting, all radio work. We pay for the repairs to the engines of submarines and for their storage batteries and generally the upkeep of the ships.

The CHAIRMAN. It is a maintenance item, pure and simple.

Admiral GRIFFIN. Maintenance; yes, sir.

RADIO STATION, BORDEAUX.

Mr. MONDEIL. None of this is contract work?

Admiral GRIFFIN. Not contract work for new ships, but there is some contract work included in it, of course. In the radio work there is considerable contract work. For instance, we are building a big station over in Bordeaux which is well along toward completion. That was started about 8 or 10 months ago.

The CHAIRMAN. Are you going on with it?

Admiral GRIFFIN. Yes, sir; the understanding is that the French will take it over when finished. They are doing a part of the work and we are doing a part of it.

The CHAIRMAN. Are they to compensate us for it?

Admiral GRIFFIN. The understanding when it was projected was that the French would take it over after the war at a fair valuation.

The CHAIRMAN. Of course, the \$650,000,000 is spent?

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. Can you give us some idea of the major items that go to make up the nearly \$42,000,000; what it was intended to cover? Evidently while there are many minor matters, there are some matters of major importance.

Admiral GRIFFIN. The station at Bordeaux.

The CHAIRMAN. That was to cost what?

Admiral GRIFFIN. About \$2,000,000.

MARCONI STATIONS.

The CHAIRMAN. None of that has been paid for?

Admiral GRIFFIN. Some has. I suppose five or six hundred thousand dollars. We have recently taken over all the Marconi stations but have not paid for them yet. We will pay for them from this appropriation.

The CHAIRMAN. At what cost?

Admiral GRIFFIN. A little less than \$1,500,000.

The CHAIRMAN. They are to be Government owned?

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. Is it proposed to own all the wireless stations in America?

Admiral GRIFFIN. I think the Secretary wants to do that. There is a bill before Congress, I think, for Government control of wireless stations, but this transaction with the Marconi Co. does not include the high-power stations.

PRODUCTION OF INFLAMMABLE BALLOON GAS.

There is another large undertaking that we have under way in conjunction with the Signal Corps of the Army in the building of an establishment for the production of inflammable balloon gas. That will cost over \$3,000,000, one-half of which will be borne by this appropriation.

The CHAIRMAN. Are you going ahead with that?

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. Why?

Admiral GRIFFIN. Because it is considered a necessity for the air service, in order to keep from burning up balloons and the people in them. We use hydrogen now. We have had a number of hydrogen explosions, fires from it.

The CHAIRMAN. In view of the termination of the war, do you feel that you should go on with these experiments in the same degree?

Admiral GRIFFIN. This is not an experiment. We have been through the experimental stage and finished it. We found that we could get this gas.

The CHAIRMAN. Do you think now is a good time to build a plant to manufacture this gas?

Admiral GRIFFIN. If we do not, when we want it the gas might not be there.

The CHAIRMAN. That depends upon when you are going to want it.

Admiral GRIFFIN. Admiral Taylor is a member of the Aircraft Production Board, and perhaps he can tell you about that. The matter has been under discussion before them within the last week, and perhaps he can tell you what the situation is in regard to it.

Admiral TAYLOR. The situation with regard to that, Mr. Chairman, is this: The Aircraft Production Board has reported to the Secretary of War and the Secretary of the Navy—and I think that report just went in a day or two ago—the conditions with reference to this "Argon" gas, and have asked that the matter be taken up. It is a question of military policy. If we are going to develop and use as a military weapon the lighter-than-air craft, there is a great advantage in the use of this gas, and the proposition has been put up to the Secretaries of War and Navy as to whether we should continue the experimental plant only or complete the production plant or stop in between the two. Those are the limits, to continue the experimental plant or to complete the production plant, which is estimated to cost about \$3,200,000, and I think about \$2,000,000 of that amount we could not get back anyway.

The CHAIRMAN. Do you think it is a desirable time to undertake the building of a plant of that kind now?

Admiral TAYLOR. It depends entirely upon the question of whether we are in this country to utilize lighter-than-air craft as a part of the Army and Navy.

The CHAIRMAN. Does it not depend upon another question which ought to be of some concern, there being in all human probability no immediate need for this plant, whether it might not well be postponed until it could be built for probably 50 per cent of what it will cost now?

Admiral TAYLOR. That is a question that is being put up to the Army and Navy heads; but if we are going to have lighter-than-air craft and it appears that lighter-than-air craft will be part of the military weapons used by all countries, this "Argon" gas gives us an enormous advantage. It is found only in the United States.

The CHAIRMAN. That is not the point I am making, Admiral. The point is not whether we should avail ourselves of such a gas, but whether in view of the fact that nobody expects that we are going to be at war under a few years any how, it is desirable to now build a plant under the very exorbitant cost rather than to wait until a time when it can be done within reason.

Admiral TAYLOR. It has taken us 15 months to get to this stage. It is a very difficult proposition. There is only a very small amount of this element, about 1 per cent, in this gas, and, as Admiral Griffin will tell you, it has been a very difficult undertaking to get it at all.

The CHAIRMAN. I do not see that that has any relationship, although I may be all wrong, with the question of creating a plant for its production at this time rather than a year or 18 months or 24 months later.

LOCATION OF EXPERIMENTAL PLANTS.

Mr. MONDELL. Where is this proposed plant located, if it is located?

Admiral TAYLOR. There are two experimental plants at Fort Worth, Tex., and one at Petrolia, Kans. They all get gas from the Petrolia field, which is the field that has the largest quantity of this material known.

Mr. MONDELL. Is that the point where it is proposed to build the \$3,000,000?

Admiral TAYLOR. The production plant that is proposed is under contract already at Fort Worth, Tex. It is necessary to pipe the gas from Petrolia to Fort Worth.

Mr. MONDELL. From Kansas to Fort Worth, Tex.?

Admiral TAYLOR. Yes, sir.

Mr. MONDELL. Is this a gas manufactured from the ordinary natural gas?

Admiral TAYLOR. This is a natural gas, and this so-called "Argon" gas is a constituent found prevalent in the natural gas of certain fields, and the Petrolia field has more than any other field we know of, and so far as we know at present it is found only in the gas from fields of the United States. There are other fields in the United States which give a gas with perhaps one-half of 1 per cent of this element.

Mr. MONDELL. The plant, then, is a plant which extracts from a certain natural gas the gaseous elements which you desire?

Admiral TAYLOR. Yes, sir.

Mr. MONDELL. And if built in time of peace, it would simply be held as a reserve to be utilized in case of war, except for the small amount of gas which might be needed for experimental and training purposes.

Admiral TAYLOR. The production plant now being built will probably only supply the gas needed for development purposes. We have, for instance, 16 dirigibles, and we would expect to use them in the Navy. It adds very much to the safety of operations in time of peace to have this gas, because, as you know, hydrogen is very dangerous in time of peace and is very likely to be set afire by an electric spark, for instance. In fact, there have been a number of fires already, I believe, with the balloons we have filled with hydrogen gas.

Mr. MONDELL. Will it cost \$3,000,000 to build a plant for the limited amount of gas needed for such experimental machines?

Admiral GRIFFIN. It is not such a limited amount. The plant was to furnish the quantity of gas necessary to carry on the operations of war, and the British wanted us to double the plant for their service.

The CHAIRMAN. But that is all over now.

Admiral TAYLOR. And, of course, on that part we have done nothing.

A dirigible is a very large thing, and the rigid dirigible takes about 3,000,000 cubic feet of gas, as now being built, and I think it would take something like five or six months of the production of the plant now contemplated to supply one dirigible.

REPAIR AND UPKEEP OF MACHINERY, ELECTRICAL EQUIPMENT, RADIO EQUIPMENT, ETC.

The CHAIRMAN. Admiral, what other items go to make up this \$41,000,000?

Admiral GRIFFIN. They are included under those general heads, repair and upkeep of machinery, and all the electrical equipment, the radio equipment, etc.

The CHAIRMAN. Of course, there is going to be a very great diminution of commissioned ships, and, correspondingly, there will be much lessening of the repair needed.

Admiral GRIFFIN. Yes; we are counting on that. And yet yesterday afternoon we got a cablegram saying that two destroyers were on the rocks on the coast of France, and that will cost about \$30,000 for each one.

The CHAIRMAN. Those are negligible matters in an item of \$41,000,000.

Admiral GRIFFIN. Yes; but when you have about 100 destroyers in commission, of course that counts for a good deal.

The CHAIRMAN. What did you have under this head as your normal maintenance item before we entered the war?

Admiral GRIFFIN. The last appropriation was about \$12,250,000.

The CHAIRMAN. And you got along for a year on that?

Admiral GRIFFIN. Yes; with a smaller Navy.

The CHAIRMAN. Of course, your Navy now is not going to be very much larger for some time to come than it was then after you get rid of all this extra craft that does not amount to very much and which you are going to take out of commission as rapidly as possible.

Admiral GRIFFIN. Yes; after we get rid of them, except for the very large increase in the cost of labor. It will depend altogether on the number of ships in commission.

The CHAIRMAN. We are talking about this year.

Admiral TAYLOR. There are 777 ships now, Mr. Sherley. There are 2,000 all told and 777 regular vessels, apart from these yachts and other things purchased.

The CHAIRMAN. But they will not be in commission.

Admiral GRIFFIN. A large number of them will be in commission between now and the 1st of July. There will be a gradual reduction of the surplus 1,200.

ADDITIONAL APPROPRIATION NEEDED FOR BALANCE OF FISCAL YEAR.

The CHAIRMAN. Admiral, your statement submitted here seems to indicate that you are going to want \$12,000,000 of additional money.

Admiral GRIFFIN. To round out the year; yes, sir.

The CHAIRMAN. What possible explanation can be given for that need?

Admiral GRIFFIN. Our expenditures up to the 1st of November averaged \$6,500,000 a month. The estimates for the remainder of

the year were made on the basis of dropping out nearly all, or a large number, of these small vessels that we have been operating, and that the total we would require for the year would amount to about \$40,000,000, as near as we could estimate it.

The CHAIRMAN. You had \$41,000,000.

Admiral GRIFFIN. We have \$28,000,000.

Mr. BYRNES. You had an unexpended balance but part of it was obligated.

The CHAIRMAN. And the obligations go to make a part of that \$6,500,000 each month.

Admiral GRIFFIN. Oh, no, sir.

The CHAIRMAN. You do not mean to tell me, Admiral, that in addition to the \$13,000,000 of unpaid obligations you are going to average \$6,500,000 a month?

Admiral GRIFFIN. Oh, no; we will not average \$6,500,000, but we will average about \$4,500,000 a month.

The CHAIRMAN. Well, \$4,500,000 a month for eight months would be \$36,000,000, and of that \$36,000,000 part of it will be in unpaid obligations which you are carrying here in the item of \$13,000,000.

Admiral GRIFFIN. I do not regard it in that way, sir. We have \$28,000,000.

The CHAIRMAN. But, Admiral, when you go to figure up each month your expenditures, part of the expenditures that go there are in the nature of unpaid obligations that have come over and that run over from month to month, is not that true?

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. So that part of your \$13,500,000 would necessarily be absorbed in your \$4,500,000 expenditure each month?

Admiral GRIFFIN. My estimates were made up on including that \$14,000,000 in what we would need for the year. That was included as a portion of our total expenditures during the remainder of the year. I have not the figures here, but my estimate is for about \$1,500,000 for the eight months.

The CHAIRMAN. And that is \$36,000,000.

Admiral GRIFFIN. Yes; and these other items I mentioned here will run up to about \$6,000,000 more, making \$42,000,000.

The CHAIRMAN. And you have \$41,900,000 to pay that with?

Admiral GRIFFIN. Not the way our returns are coming in to us from the Paymaster General. We had about \$29,000,000.

The CHAIRMAN. But you must count on both sides of the ledger these unpaid obligations.

Admiral GRIFFIN. Yes; but exclusive of the unpaid obligations we will need \$4,500,000 a month more during the year.

The CHAIRMAN. Well, even if you did, that would make \$50,000,000 at the outside. Now you are going to save \$2,500,000, so that would bring you down to \$47,500,000, and having practically \$42,000,000, if you got \$5,500,000 more, according to your own statement, you would have enough money.

Admiral GRIFFIN. I am stating this from my recollection of it, and I thought I had it clear, and I am still quite certain we will need the \$12,000,000.

NOTE.—Inquiry of the Bureau of Supplies and Accounts sustains my contention that the \$14,000,000 of "Obligations" are not available for current work during the remainder of the year; that it represents contracts that have been made chargeable directly to the appropriation, but payment for which had not been made up to November 1.

MONDAY, JANUARY 6, 1919.

CONSTRUCTION AND REPAIR—STEAM ENGINEERING.

(See p. 565.)

STATEMENTS OF REAR ADMIRAL DAVID W. TAYLOR, CHIEF BUREAU OF CONSTRUCTION AND REPAIR, AND REAR ADMIRAL ROBERT S. GRIFFIN, CHIEF BUREAU OF STEAM ENGINEERING.

BUREAU OF CONSTRUCTION AND REPAIR.

The CHAIRMAN. Admiral, you have had appropriated, under the head of "Construction and Repair," a total of \$130,170,340, and according to the sheet before me you have expended as of November 1, \$87,775,244.49, with an unexpended balance of \$42,402,095.51, with unpaid obligations of \$23,467,328.23, leaving an unobligated balance of \$18,934,767.28. Then there seems to be a statement of an estimated saving by contract cancellations of \$4,000,000.

Admiral TAYLOR. That has since been increased to \$5,400,000.

The CHAIRMAN. And a deficiency of \$22,500,000, leaving a net deficiency of \$18,500,000.

Admiral TAYLOR. That, Mr. Chairman, is because that "unobligated balance" is unobligated on the books, but it is necessary for us to run the construction and repair work for the rest of the year. That does all the hull repair work on our ships at the yards and all over the world.

The CHAIRMAN. How much of this is construction work and how much is repair?

Admiral TAYLOR. It is practically all repair. There is very little new construction which comes out of this appropriation—only yard craft and things of that kind. The seagoing craft are all put under other appropriations. The Construction and Repair appropriation is only used for yard craft, lighters, barges, and things of that kind.

The CHAIRMAN. So this is really a repair or maintenance item?

Admiral TAYLOR. This is almost entirely a maintenance item.

The CHAIRMAN. On what basis are you predicting an expenditure of \$22,500,000 from November to the end of the year?

Admiral TAYLOR. That is the expenditure at all of the yards. The estimated expenditure for November is \$10,000,000, for instance, made up of \$2,000,000 of labor, \$1,250,000 of material—that is work at the yard—issues to ships, \$1,400,000, issues afloat, \$250,000. The issues to ships are the things we issue to them—paint, lumber, anchors, chains, boats, and all the equipage and consumable stores.

Requisitions and contracts amount to \$1,000,000 and the repair contracts we estimate for November at \$3,800,000. We were still going full blast on the 11th of November and could not stop on those contracts. We cut those down, and after the 1st of December the total of our contracts we figure will only be \$5,000,000 for the rest of the year. The expenditures from December to June, inclusive, we figure at \$11,300,000; for labor at the navy yards, \$5,900,000; for material, and the same for issues to ships, issues afloat, \$1,600,000;

and the requisitions and contracts for the five months, \$1,000,000, and the repair contracts we figure at \$5,000,000, making the total for the rest of the year \$31,000,000.

The CHAIRMAN. On what basis do you make those figures?

Admiral TAYLOR. That was on the basis of reducing the navy yard work to something like 60 per cent by the end of the year. It is very difficult to estimate in any detail, because it is a thing you can not do. For instance, there is the case of the *Northern Pacific*, which went ashore the other day. This appropriation pays for pulling her off and for fixing her up. The battleships and cruisers being used to bring the men back have to be maintained out of this appropriation. They will see very hard service for the rest of the time we are doing that work and they have to be maintained. All of the navy transports have to be maintained also out of this appropriation.

The CHAIRMAN. What did you spend under Construction and Repair before the war?

Admiral TAYLOR. There was a deficiency in 1917. Of course, we went into the war in that year, but the regular appropriation was something over \$12,000,000.

The CHAIRMAN. And now you are figuring way beyond that for the last six months of this year?

Admiral TAYLOR. Yes, sir; we will not be able to stop. The estimate for next year, 1920, for that work is \$37,000,000.

The CHAIRMAN. With \$37,000,000 for next year, how do you figure you are going to spend as much as \$22,000,000 for the last six or seven months of this year?

Admiral TAYLOR. Because of the large expenditures and because we will have to stop by degrees. We expect to slow down to an expenditure of a little over \$3,000,000 a month by the 1st of July.

The CHAIRMAN. Why will you not slow down faster? You are taking out of commission a great many ships and you spent tremendous sums on repairing them.

Admiral TAYLOR. Those ships we are taking out of commission are largely the district vessels that have cost a great deal of money and have really caused us to overrun, but the regular vessels of the Navy I do not think are going to be taken out of commission until peace is settled. Those vessels are now coming back from abroad, and they have had very hard service and we have got to put them in order.

The CHAIRMAN. They have also had a lot of repair work done on them right along?

Admiral TAYLOR. They have had a lot of repairing done, but they will need a lot of repair work now to put them back into first-class order. They kept them going regardless on the other side. They have had very hard service. The big jobs we have had abroad have been due to accidents. In an accident we lost the stern of one vessel and the bow of another.

The CHAIRMAN. Are you undertaking to do all the repair work that may be needed to be done this year?

Admiral TAYLOR. No, sir; we have only undertaken to do what is pressing at the time.

NUMBER OF VESSELS IN COMMISSION—REPAIRS.

The CHAIRMAN. How many vessels do you expect to have to look after during the balance of this year?

Admiral TAYLOR. Six hundred and sixty-eight.

The CHAIRMAN. That would average about \$30,000 for each vessel for repair?

Admiral TAYLOR. Yes, sir. There is something more than actual repairs to the vessels included. This includes issues to the ships and taking care of the boats and everything.

The CHAIRMAN. That would be on the basis of \$18,000,000, and in point of fact, you are figuring to spend over \$22,000,000. Now a great many of these vessels have practically no repairs on.

Admiral TAYLOR. And we will have a good deal of repairs on many of them.

The CHAIRMAN. Do you have to keep over 600 vessels in commission?

Admiral TAYLOR. That is the present intention of the department, sir.

The CHAIRMAN. Is there any reason for it?

Admiral TAYLOR. Most of them are small vessels.

Admiral GRIFFIN. 134 destroyers and 87 submarines.

Admiral TAYLOR. The old battleships and cruisers have to be kept to bring the men back. Probably some of those would otherwise have been put out of commission.

The CHAIRMAN. There is only a limited number of them.

Admiral TAYLOR. I think there are about 18 of those. The *St. Paul*, for instance, was wrecked in New York, as you remember. We had to put her in order, and we spent \$80,000 in December and will spend \$65,000 in January. You must recognize, Mr. Chairman, in comparing before-the-war appropriations, that the cost of doing work has increased enormously.

The CHAIRMAN. And one of the ways to keep it high is to keep doing all the work we can find.

Admiral TAYLOR. That is not our disposition, sir.

The CHAIRMAN. What do you figure you have got to have to run you the balance of the year?

Admiral TAYLOR. We need a deficiency of \$18,000,000, unless we find that we can materially reduce that by the shifting of charges which should have been made to Army account and were made to this appropriation. That matter is being investigated now.

The CHAIRMAN. How much does that involve?

Admiral TAYLOR. It may be a matter of three or four million dollars; but we really do not know what it is now.

The CHAIRMAN. How much of this money, if any, goes in the navy yards?

Admiral TAYLOR. The majority of it, sir.

The CHAIRMAN. You mean it goes for work there, but does not go on the yards?

Admiral TAYLOR. Oh, none of this appropriation goes on the yards. The yards are paid for out of Yards and Docks. We buy some tools out of this appropriation.

The CHAIRMAN. What balance did you have over last year?

Admiral TAYLOR. We had about three or four million dollars. In addition to that it is now estimated there is \$4,000,000 due us from the Army from work paid for out of construction and repair, for which they were to reimburse us.

The CHAIRMAN. Is that made available for this year?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. That would give you a leeway then of \$4,000,000?

Admiral TAYLOR. That is included.

The CHAIRMAN. What the Army owes you?

Admiral TAYLOR. No; not what the Army owes us. I thought you meant the balance from last year.

The CHAIRMAN. No.

Admiral TAYLOR. We take account of that in this deficiency.

The CHAIRMAN. How? It does not appear here.

Admiral TAYLOR. That was included in figuring our deficiency. We figure the deficiency at \$22,500,000, less the \$4,000,000 saving and we took account of that \$4,000,000 in figuring what the deficiency would be.

The CHAIRMAN. You mean you expect to spend \$30,000,000 for the balance of this year?

Admiral TAYLOR. The expenditures were \$10,000,000 in November and from the 1st of November we figure \$31,000,000. From the 1st of December it will be \$21,000,000. This statement goes back to the 1st of November.

The CHAIRMAN. That is over \$50,000 for each ship for the balance of the year.

Admiral TAYLOR. A good deal of that expenditure, though, is for repair contracts which amounted to \$3,800,000 in November and \$5,000,000 for the rest of the year.

The CHAIRMAN. But they were on ships.

Admiral TAYLOR. They were not on these 600 ships. They were largely on patrol vessels and district vessels. We still have to take care of them until they are disposed of in some way.

The CHAIRMAN. But they do not need repairing and fixing up the same as if they were in commission?

Admiral TAYLOR. Not the same as if they were in commission, but we can not allow them to go to rack and ruin and there is always some work on them.

MAINTENANCE OF CONSTRUCTION PLANTS AT NAVY YARDS.

The CHAIRMAN. For the construction of plants at navy yards you have had \$400,000 and seem to have spent \$138,669.65 and to have had an unexpended balance the 1st of November of \$261,330.35, an unpaid obligation of \$96,306.05 and a free balance of \$165,024.30. Are you going to need that money?

Admiral TAYLOR. Yes, sir; that is a small appropriation which has been running for 20 years under the title Construction Plants. It has been in the naval bill and it was kept in probably to go back to when we went back on a peace basis.

The CHAIRMAN. If you do not need the money, there is no reason why we should keep it just for its historical value.

Admiral TAYLOR. No; but that is our regular appropriation to take care of and improve the navy yard plants and we need it every year. It is a very small amount for any one yard.

The CHAIRMAN. But you have spent so much money at the yards since the war started that this becomes negligible.

Admiral TAYLOR. It is not a large amount, that is perfectly true.

The CHAIRMAN. What funds have you available now for improvements at the yards? Of course, the Yards and Docks have had tremendous sums.

Admiral TAYLOR. We have no special appropriation for that. That is all under Yards and Docks, except there are some lump-sum appropriations for improvements of navy yards generally. It was \$10,000,000 last year. That was handled by Yards and Docks.

Admiral GRIFFIN. This appropriation refers principally to machine tools, equipment of shops, and not to the shops themselves.

Admiral TAYLOR. It is not an appropriation for new plants but for the maintenance of plants. It is not enough to get any large new plants.

STEAM ENGINEERING.

(See p. 565.)

The CHAIRMAN. Under the head of Steam Engineering there has been a major appropriation of \$107,230,500, of which there has been spent \$65,292,324.12, leaving an unexpended balance as of the 1st of November of \$41,938,175.88, with unpaid obligations of \$13,562,608.89, and an unobligated balance of \$28,375,566.99. You estimate that by cancellation of contracts you are going to save \$2,500,000, and that you are going to have a deficiency of \$14,500,000, which, less your saving, would leave a net deficiency of \$12,000,000.

Admiral GRIFFIN. Since this was made out we have obtained better figures and we have canceled some contracts that were chargeable under that appropriation, which brings that down to \$8,109,433.

The CHAIRMAN. Admiral, what do you pay out of this appropriation?

Admiral GRIFFIN. All repairs and upkeep of machinery of the ships, wireless stations, wireless equipment of ships, and all the electrical plants on the ships.

The CHAIRMAN. What is the contradistinction between this and the item we have just finished of construction and repair? That is supposedly a maintenance item.

Admiral GRIFFIN. That was for the hulls of ships.

The CHAIRMAN. So that when I was figuring the very large expenditure per ship, I was only figuring the expenditure that would go on the hulls?

Admiral GRIFFIN. Yes, sir. After I was down here the last time, in order to get an independent estimate of what we would require, I took the number of ships that were to be kept in commission, and from the report of the Paymaster General for last year I got the average cost of the repairs of each class of ship. This report did not give the repairs separately for hulls and machinery, but I went back three or four years to an old report where those figures were given separately, and I took the percentage for the ships in that report and assumed that the percentage would obtain now and made out the cost of repairs and alterations on machinery of the ships that will be in commission. To this I added the issues to ships, the upkeep of radio stations, new radio stations, the purchase which we have made of the Marconi stations, and an estimate for our European expenditures,

which we have not yet in, and obtained a total of \$40,557,000; to meet which we have \$28,375,000 available, plus the \$2,500,000 cancellations, making \$30,875,000. Deducting this from the estimated expenditures leaves \$9,681,633 as the additional money required for the year. After that was made up we found that we were going to get payment from the Shipping Board and from the Railroad Administration for the radio equipment purchased from the Marconi Co. which was installed on these ships, which reduced that figure by \$800,000. We have canceled contracts for oil barges in an amount of \$595,000, which will bring the net deficit down to \$8,286,633. Figuring the other way it was \$8,109,433, practically in agreement; but in the estimate over two-thirds of the total was based absolutely on the expenditures that were made last year and without making any allowance for the increase in wages which has occurred since last year.

The CHAIRMAN. Last year you spent a tremendous amount of money fixing up the ships. You should not have to spend the same amount this year?

Admiral GRIFFIN. I took the average for the year. I did not take one ship that had a large volume of repairs; I took the whole class of battleships—took every one and averaged the cost.

The CHAIRMAN. We brought everything up more nearly to a perfectly fit condition last year than ever before?

Admiral GRIFFIN. These ships are operating all the time, and the maintenance charges are big all the time. A destroyer which just returned the other day said that she would need three months' repairs—\$50,000 on one of them. She is the first one which has made a report.

The CHAIRMAN. You do not expect to have the destroyers all actively at work from now on?

Admiral GRIFFIN. Not all of them. The estimate that we have just made is for 134 destroyers in commission for the remainder of the year.

The CHAIRMAN. What will you do with them?

Admiral GRIFFIN. I do not know.

The CHAIRMAN. Does anybody know?

Admiral TAYLOR. I think the idea is to divide the ships between the Atlantic and the Pacific and have several destroyers attached to each fleet.

The CHAIRMAN. Just because we have them we are going to use them?

Admiral TAYLOR. For drill, practice, and keeping everything ready. If we do not use them, they are not ready, and if you do use them, you can not help wearing them out.

Admiral GRIFFIN. If they are laid up without a crew on board—that is, unless they have a partial crew—they go to ruin very quickly.

The CHAIRMAN. Admiral, I have been dealing with the figures which I have read, with the top figure which was appropriated under the broad head of "Engineering," and the figures you have been reading, I presume, have thrown together all these other items, which are rather small in amount?

Admiral GRIFFIN. All of these activities which make up engineering.

RADIO STATIONS.

The CHAIRMAN. What amount of money are you figuring to spend on radio stations?

Admiral GRIFFIN. We will spend \$4,550,000.

The CHAIRMAN. What is the occasion for all that expenditure?

Admiral GRIFFIN. \$1,450,000 is for the purchase of the Marconi shore stations, which we have already effected. Three million dollars is for the erection of a radio station at Monroe, N. C.

The CHAIRMAN. Who authorized that?

Admiral GRIFFIN. The President.

The CHAIRMAN. To be paid for from what funds?

Admiral GRIFFIN. From "Engineering."

The CHAIRMAN. Did Congress ever authorize it?

Admiral GRIFFIN. No, sir.

The CHAIRMAN. What do you mean by the President has authorized it?

Admiral GRIFFIN. He approved it. The Secretary took that up with him and he approved the erection of a station there. So we asked for bids on the towers and equipment. It was originally expected to cost \$4,000,000. We have changed the construction of it and effected a reduction in cost.

The CHAIRMAN. When was this undertaken?

Admiral GRIFFIN. I think about September.

The CHAIRMAN. Has anybody considered the desirability of doing it now that the war is over?

Admiral GRIFFIN. Yes, sir. I had a talk with the Secretary about it a week or so ago and also with the Director of Communications, and they both thought that we should go on with it.

The CHAIRMAN. Why?

Admiral GRIFFIN. Especially for communication with Central and South America.

The CHAIRMAN. Have we not a station over here that we can talk all over the world with?

Admiral GRIFFIN. The Arlington Station?

The CHAIRMAN. Yes, sir.

Admiral GRIFFIN. No, sir. That will not reach all over the world. Arlington is just now occupied in commercial work.

The CHAIRMAN. I understand. Is it not contemplated that this station will reach anywhere that you want?

Admiral GRIFFIN. No.

The CHAIRMAN. Did you not send a message around the world from Arlington the other day? It was so stated in the papers.

Admiral GRIFFIN. Not from Arlington.

The CHAIRMAN. Where was it sent from?

Admiral GRIFFIN. Tuckerton, one of the commercial stations which we have taken over.

The CHAIRMAN. What is the need of building this other station?

Admiral GRIFFIN. Those two stations, New Brunswick and Tuckerton, will probably be turned back to their owners after the peace treaty is signed.

The CHAIRMAN. Who are their owners?

Admiral GRIFFIN. The Marconi Company owns New Brunswick and the French are the largest stockholders in the Tuckerton Station.

The CHAIRMAN. Why did you take over all the Marconi stations recently if you are going to turn this one back?

Admiral GRIFFIN. We took over only the coastal stations for the ship to shore work. New Brunswick and Tuckerton are high power stations; the ones we purchased are small stations.

The CHAIRMAN. Do you not propose monopolizing wireless?

Admiral GRIFFIN. That is what the Secretary wants to do.

The CHAIRMAN. And not turn the radio stations back?

Admiral GRIFFIN. If Congress will pass that bill, of course, we would not.

The CHAIRMAN. Do you not think until we determine whether we will or not, it is a good time to postpone the spending of \$3,500,000?

Admiral GRIFFIN. That is a question of policy.

The CHAIRMAN. You are asking for the money, and we should like to have a defense of the policy.

Admiral GRIFFIN. That is one of the reasons for the taking over of the stations. In addition, we want to communicate with Porto Rico through a station in the South on account of the very high cable rates existing, but the purpose of the new station is principally for communication with Central and South America.

The CHAIRMAN. How much obligation, if any, have you entered into in connection with this proposed new station?

Admiral GRIFFIN. It is very small, but I can put it in the record. It is principally under Yards and Docks. There has been some survey work. [The cost of work so far performed is about \$1,500.]

The CHAIRMAN. If the building of that station should not be approved, your deficiency could be reduced \$3,000,000 more?

Admiral GRIFFIN. Yes, sir; which would make it \$5,109,433.

The CHAIRMAN. What other work is there involved in this item that represents new projects?

ARGON PLANT, FORT WORTH.

Admiral GRIFFIN. The only one that I recall now is the one for the argon plant at Fort Worth, which we are carrying on jointly with the Army. It will cost us \$1,750,000. That is very well advanced. All of the contracts have been made and the work is proceeding.

The CHAIRMAN. That is a project to erect a plant down there for the purpose of making noninflammable gas?

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. How far has the Government committed itself to that?

Admiral GRIFFIN. It is absolutely committed. We have made contracts for all the machinery, and the buildings and the pipe line are under way.

The CHAIRMAN. What is it to cost?

Admiral GRIFFIN. About \$3,500,000 all told.

The CHAIRMAN. How much have you paid out on it?

Admiral GRIFFIN. I do not remember the exact amount, but the expenditures have been large for material.

The CHAIRMAN. That does not figure very largely in this deficiency estimate?

Admiral GRIFFIN. No, not large; but it is in this. The expenditures would come since November. No deliveries were made before the 1st of November.

The CHAIRMAN. When was this matter reconsidered, if it was reconsidered after the armistice was signed?

Admiral GRIFFIN. The matter was referred to the Aircraft Board and they made a certain recommendation to the Secretary of War and the Secretary of the Navy.

The CHAIRMAN. As of what date?

Admiral TAYLOR. After the armistice. I have forgotten the exact date.

Admiral GRIFFIN. In November or early in December.

Admiral TAYLOR. In November.

The CHAIRMAN. What did they recommend?

Admiral GRIFFIN. As I remember now, the recommendation was practically that we should go on with this, but left it to the two Secretaries as to whether it should be done or not.

The CHAIRMAN. When did they function on it?

Admiral GRIFFIN. Very promptly after the recommendation came in.

Admiral TAYLOR. There was a question of military policy to be passed on by the General Staff in the Army and the General Board in the Navy.

The CHAIRMAN. Did they pass on it?

Admiral TAYLOR. I presume so. The Secretary of War acted then and the Secretary of the Navy also.

The CHAIRMAN. Please put in the record the recommendations that were made and the final conclusions which were reached by the Secretary of War and the Secretary of the Navy touching the building of this plant.

Admiral GRIFFIN. Yes, sir.

WAR DEPARTMENT,
Washington, D. C., July 22, 1918.

From: The Secretary of War.
To: The Secretary of the Navy.
Subject: Argon production.

1. Attached herewith is a copy of a letter dated July 18, 1918, from the Director of Aircraft Production (Mr. John D. Ryan), wherein he states that he understands that both the Army and the Navy are very anxious to secure a substantial production of argon; that to do so it will require an authorization to expend a total sum of \$3,000,000 for plant construction, as outlined therein.

2. It is requested that you advise the War Department if the Navy Department is prepared to authorize the expenditure of one-half of the amount necessary for carrying out this construction program upon the terms and conditions set forth in the letter from the Director of Aircraft Production.

NEWTON D. BAKER,
Secretary of War.

NAVY DEPARTMENT,
Washington, D. C., July 26, 1918.

From: Secretary of the Navy.
To: Secretary of War.
Subject: Argon production.

1. Receipt is acknowledged of your letter of July 22, 1918, transmitting a letter addressed to me by the Director of Aircraft Production (Mr. John D. Ryan), stating that the Aircraft Board had given him power to proceed on the basis of the report of Messrs. Carter, Davis, and Orrok respecting the production of argon for use by both the Army and the Navy, and asking that I signify the willingness of the Navy Department to bear one-half the cost of the installation necessary to secure the desired production. You ask that I advise you also if it is agreeable to the Navy Department to bear one-half the expense, the total of which is estimated to be \$3,000,000.

2. In confirmation of the statement made in conference with you, I have to advise you that I shall give directions that payment of one-half the cost of this undertaking shall be made from appropriation "Aviation," and that the disbursement on the part of the Navy shall be under the direction of the Bureau of Steam Engineering.

8. As it is of prime importance that the direction of this undertaking should be under either the Army or the Navy, and as you seemed to think that the Navy is more interested in this gas than the Army, I shall give directions to proceed with the work if this arrangement is satisfactory to you. It is understood, of course, that details of the undertaking shall be satisfactory to the Director of Aircraft Production, and that no important part of the work shall be undertaken without his concurrence or that of his representative.

[Confidential.]

WAR DEPARTMENT,
Washington, November 2, 1918.

SIR: I have the honor to advise, in reference to the Aircraft Board resolution of October 23, 1918, quoted below, that the Director of Aircraft Production has recommended that this resolution be followed, and the Bureau of Aircraft Production will, if the Navy Department also agrees, appropriate \$500,000 for argon gas production:

"Whereas the construction of an argon production plant and of a ten (10) inch pipe line has been started in accordance with the agreement made between the Secretary of War and the Secretary of the Navy, wherein it was estimated that the total expense would be three million (\$3,000,000) dollars; and

"Whereas this board was informed by a communication from the Bureau of Steam Engineering of the Navy Department, under date of October 16, 1918, that due to the requirements of the Government as to character of construction and the increase in cost of materials, the total expense for the argon production project will be at least three million five hundred thousand (\$3,500,000) dollars and five hundred thousand (\$500,000) dollars will be necessary for the air reduction second development unit which is now designed; now, therefore, be it

"Resolved, That a recommendation be, and hereby is, made to the Secretary of the Navy and the Director of Aircraft Production that an additional allotment of one million (\$1,000,000) dollars be made for argon gas production, one-half of which to be provided by the Navy Department and one-half by the War Department from funds available to the Air Service."

Very respectfully,

Secretary of War.

The SECRETARY OF THE NAVY.

DECEMBER 31, 1918.

SIR: Referring to your letter of November 2, 1918, relative to an additional allotment of \$1,000,000 for argon gas production, one-half of which is to be provided by the Navy Department and one-half to be provided by the War Department, in accordance with the Aircraft Board resolution 385, dated October 23, 1918, copy inclosed, the Navy Department has approved plan C of the proposals submitted by the Aircraft Board since the signing of the armistice. As plan C is not in exact accord with the foregoing resolution, which was passed prior to the signing of the armistice, the Navy Department will not at this time allot the additional funds recommended by the Aircraft Board resolution 385.

Relative to the additional allotments, amounting to \$200,000, required for the operation and development of the argon experimental plants Nos. 1, 2, and 3, under the direction of the Bureau of Mines, referred to in your letter of November 2, 1918, I beg to advise that the Navy Department agrees to allot its share, \$100,000, for this purpose. The transfer of that amount from "Aviation, Navy, 1919, S. E." is being directed. This is in accordance with the Aircraft Board resolution 386, dated October 23, 1918, copy inclosed.

Sincerely, yours,

JOSEPHUS DANIELS.

The SECRETARY OF WAR.

EXPERIMENTAL STATION, ANNAPOLIS, MD.

The CHAIRMAN. You have a little item for experimental station at Annapolis, Md.

Admiral GRIFFIN. That is entirely on account of the increase in wages.

The CHAIRMAN. Is that an actual deficiency incurred?

Admiral GRIFFIN. No; it will be.

The CHAIRMAN. Do you need to go on with this?

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. Why?

Admiral GRIFFIN. It is a part of the Naval Establishment where we carry on a great deal of the experimental work.

The CHAIRMAN. You are experimenting all over the country now?

Admiral GRIFFIN. We do a certain class of work down there.

The CHAIRMAN. What do you do at this station?

Admiral GRIFFIN. We make all sorts of experiments in engineering apparatus which we want for the fleet.

The CHAIRMAN. That will be a deficiency growing out of the increased cost of wages?

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. What is your annual expenditure there?

Admiral GRIFFIN. \$160,000.

The CHAIRMAN. You have \$273,000 for this year.

Admiral GRIFFIN. That includes the left overs on the other year and a deficiency also.

The CHAIRMAN. That makes it all the more pronounced.

Admiral TAYLOR. That is two years' appropriation, dating back from the 4th of March, 1917.

The CHAIRMAN. At what rate are you spending now?

Admiral GRIFFIN. At that station?

The CHAIRMAN. Yes, sir.

Admiral GRIFFIN. A very regular monthly expenditure; it varies very little from month to month.

The CHAIRMAN. You had some money for machinery plants at navy yards?

Admiral GRIFFIN. Yes, sir. There is a mistake there; there should not be any deficiency.

The CHAIRMAN. Have you any balance that you are prepared to turn back?

Admiral GRIFFIN. No. These charges belong to another appropriation. I think the figures are mixed up; we will not have a deficiency.

HIGH-POWER RADIO STATION.

[See p. —.]

The CHAIRMAN. For high-power radio stations you have \$600,000?

Admiral GRIFFIN. Yes, sir. The deficiency is about \$16,000. The increased cost of everything is really responsible for that; three thousand and some odd dollars was on account of the Porto Rico station and \$13,000 on the others, finishing them up. That is an actual deficiency.

The CHAIRMAN. An incurred deficiency?

Admiral GRIFFIN. Yes, sir.

MACHINERY PLANT, NAVY YARD, NEW YORK.

The CHAIRMAN. Machinery plant, navy yard—you seem to have gotten a little money and never used it—at New York, \$1,420.33.

Admiral GRIFFIN. That is left over.

The CHAIRMAN. That can be covered into the Treasury?

Admiral GRIFFIN. Yes, sir.

NAVAL STATION, HAWAII.

The CHAIRMAN. You seem to have a deficiency at the naval station, Hawaii.

Admiral GRIFFIN. Yes, sir; \$35.

The CHAIRMAN. Do you want that?

Admiral GRIFFIN. Yes, sir; that is an actual one.

The CHAIRMAN. Is it necessary to legislate definitely for that?

Admiral GRIFFIN. Yes, sir; to balance the books.

TORPEDO-BOAT DESTROYERS.

The CHAIRMAN. Under the Secretary's office are carried items under the head of "Increase of the Navy, construction and machinery," "Increase of the Navy, torpedo boats," and "Increase of the Navy, torpedo-boat destroyers." I understand that as to the first two items they are construction items in connection with the increase of the Navy under the three-year building program that was entered upon and that the statement of authorizations that would need to be met by appropriations is one that is being dealt with by the Naval Affairs Committee in connection with their appropriations for the ensuing year.

Admiral TAYLOR. Yes, sir; that is correct.

The CHAIRMAN. There is not any deficiency in the true sense of the term?

Admiral TAYLOR. No, sir.

The CHAIRMAN. Touching the torpedo-boat destroyers, the figures would seem to indicate a contemplated deficiency of \$24,750,000. What is the condition as to that?

Admiral TAYLOR. Those are the first figures. That has already been reduced on account of the ordnance expenditure on those boats by \$12,000,000. We do not anticipate at present any final deficiency. We will not know certainly until next year. That construction will run over until next year.

The CHAIRMAN. You are not prepared now to surrender any part of that money?

Admiral TAYLOR. I think not, Mr. Sherley. It will be very close one way or the other.

The CHAIRMAN. You got a million dollars that was voted for the use of basic patents that you are not using?

Admiral TAYLOR. Yes; not using.

The CHAIRMAN. What have you done in lieu of that?

Admiral TAYLOR. That was given originally with the idea that it would be used to purchase the Wright patents. There was great confusion in the aircraft industry about two years ago in connection with the Wright patents. Their owners were demanding very large royalties. I have been acquainted with this as it went along. After

many conferences of interested parties the patents were not purchased, but there was an arrangement made by which the Manufacturers' Aircraft Association was formed, which controls other patents, including the Wright, and is paid \$200 royalty for each plane. This is a very reasonable royalty. There is no likelihood that that \$1,000,000 will ever be used, so far as I can see now.

NAVAL EMERGENCY FUND.

(See p. 602.)

The CHAIRMAN. Admiral, there was appropriated \$315,000,000 as a naval emergency fund. The statement here seems to indicate that there has been \$225,716,632.36 expended, leaving an unexpended balance as of November 1 of \$89,283,317.64; that there are outstanding obligations of \$183,367,914.81, which would seem to indicate that if they had to be met at their face there would be a deficiency of \$94,084,597.17. It is then stated that in round figures there is needed \$125,000,000 as a deficiency under this head. How much of this emergency fund was allotted to you gentlemen for construction and other purchases?

NEW CONSTRUCTION—CANCELLATION.

(See p. 586.)

Admiral TAYLOR. The majority of it was allotted to new construction. The wording was pretty broad. The purpose was primarily the construction of additional vessels. The wording has differed a little in the successive years, but it has always been classed by the comptroller as a continuing appropriation. Under that we undertook the construction of 85 destroyers at a total estimated cost in the neighborhood of \$129,000,000. In addition to that, there were 27 seagoing tugs, of which 6 have since been canceled. There were 54 mine sweepers, of which 5 have been canceled, at a saving of \$1,750,000. There were 447 submarine chasers, which cost \$32,000,000, of which we have had a reimbursement for 50 from the French Government. They took over 50 of them, giving us back \$7,200,000. There were six submarines which had been fabricated in this country for Russia and were at our western seaboard, and which were bought and assembled at Puget Sound at a total cost of \$3,000,000. That work has been completed. I think the last one has not been tried out, but is completed. In addition to that there were ordered 14 800-ton submarines, at an estimated cost of \$1,800,000 each, which have since been canceled. That makes \$25,200,000. 112 Eagle or Ford boats were ordered out of that appropriation, of which 52 have been canceled, at an estimated saving of \$10,400,000. The question of cancellation of destroyers has been taken up very fully by the department with the builders, but practically all of these destroyers were too far advanced to consider cancellation.

As regards the new construction, we canceled everything we thought was possible without a great deal of loss.

The CHAIRMAN. Admiral, presumably a certain part of this money was allotted to the various bureaus. How much of it was allotted to you gentlemen?

Admiral TAYLOR. For new construction the amount allotted to us was \$297,455,000.

The CHAIRMAN. Are we to understand that only the balance of that appropriation was allotted to other departments?

Admiral TAYLOR. No; there was an over obligation of that fund of about \$36,000,000; that is, they will need \$36,000,000 to finish the construction undertaken under it.

The CHAIRMAN. I do not understand you.

Admiral TAYLOR. The total over obligation now has been reduced to \$36,000,000.

The CHAIRMAN. But how much of the fund went to you and how much are you prepared to account for?

Admiral TAYLOR. It was not specifically allotted among the bureaus. It was allotted for various projects, not a certain amount but a certain project was undertaken, and the bureaus were authorized to undertake it under the emergency fund. It was not allotted as a part of the bureau's own money in any case.

The CHAIRMAN. How much do these projects total?

Admiral TAYLOR. \$297,455,000 for new construction, and Admiral Griffin, I think, has \$9,000,000 apart from that.

The CHAIRMAN. For what, Admiral?

EQUIPMENT OF COASTAL AIR STATIONS, HYDROGEN FLASKS FOR BALLOON GAS, ETC.

Admiral GRIFFIN. For the equipment of coastal air stations we spent \$110,900; hydrogen flasks for balloon gas, \$662,000; portable hydrogen generators, \$135,000, making a total under that head of \$907,900.

We purchased 810 airplane engines under it, \$2,778,969; equipment of navy yards, \$451,635; rental of commercial radio stations, \$450,000; for their maintenance and operation, \$355,000; radio outfits for vessels that were taken over and manned by the Navy, \$275,000; and miscellaneous charges amounting to \$245,429, leaving an unexpended balance of \$2,021,143. There are unpaid accounts outstanding for tools, airplane engines, etc., amounting to \$1,447,209, of which amount we have canceled \$754,746, which reduces that to \$1,328,679, and I estimate that for the repair of patrol vessels and the commercial radio stations up to the time of purchase, with \$100,000 for incidentals, will amount to about \$500,000. Of course, none of that has been spent. The balance available November 1 is \$1,328,679.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. How much of that are you prepared to turn back?

Admiral GRIFFIN. All that can go back into the emergency fund except the \$500,000, the exact balance available for transfer to the fund being \$844,859.14.

The CHAIRMAN. So you account for how much in cash of this fund?

Admiral GRIFFIN. \$8,358,372.86.

The CHAIRMAN. Admiral Taylor, how much of it are you able to account for?

Admiral GRIFFIN. That is in addition to what we are jointly concerned in?

Admiral TAYLOR. The total cost of the project undertaken for new construction was \$297,455,000, of which the outstanding balance is \$155,474,000 less the amount of cancellations which total \$46,500,000, leaving the outstanding balance \$108,000,000.

The CHAIRMAN. What I want to know is how much of this \$315,000,000 you have got to have, including what you have already spent, in order to clean up the things you are going ahead with.

Admiral TAYLOR. Instead of \$297,000,000 we will need a total of \$251,000,000, the total cost of the projects we now propose to complete; but \$150,000,000 of that has already been spent, and the amount yet to be spent is \$108,000,000.

The CHAIRMAN. That would seem to leave to be explained by somebody \$57,000,000.

Admiral TAYLOR. There is a board in the department which has been going over this and collecting the information from the various bureaus, and I understand they estimate the present deficiency, or the overobligation, at \$36,000,000. That includes all the figures.

The CHAIRMAN. What else could there have been under this fund that would eat up eighty-odd million dollars?

Admiral TAYLOR. There was some storage provided under this. It was used for a number of different purposes.

The CHAIRMAN. How much money do you say you are proposing to get from the Naval Affairs Committee in order to carry on the projects that you started out with under this fund?

Admiral TAYLOR. I believe the estimate is \$36,000,000.

The CHAIRMAN. To do what?

Admiral TAYLOR. Primarily, to finish the construction of destroyers which have been begun under this.

The CHAIRMAN. I thought you had figured their cost in this statement of \$251,000,000.

Admiral TAYLOR. Yes, sir; that cost is included, but when you add these projects and the rest of the projects that have been undertaken they overrun by that amount, and the destroyers are the projects which will probably be the longest. There is \$128,000,000 worth of destroyers and about \$70,000,000 yet to spend on them.

The CHAIRMAN. If the \$36,000,000 you are expecting to get out of next year's appropriation for the Navy is received, you are only accounting here for \$251,000,000 less \$36,000,000, is not that true?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. So that you are prepared, then, to account for only \$215,000,000?

Admiral TAYLOR. I have the details of the expenditures here of \$251,000,000.

The CHAIRMAN. I thought you said——

Admiral TAYLOR (interposing). You cut out the \$36,000,000?

The CHAIRMAN. I am not going to count it twice. If the Naval Affairs Committee is appropriating it in next year's fund, that leaves you accounting for \$215,000,000 of the \$315,000,000.

Admiral GRIFFIN. Yes, sir.

The CHAIRMAN. And Admiral Griffin accounts for \$7,569,000, so that in point of fact there remains to be explained \$92,500,000 in round figures.

Admiral TAYLOR. Every bureau in the department had some of that money.

The CHAIRMAN. What is the amount of cash that is actually left in this fund?

Admiral TAYLOR. Is not that shown on the statement?

The CHAIRMAN. Your statement as of the 1st of November shows that \$225,000,000 has been expended and an unexpended balance of \$89,000,000. Are they your latest figures?

Admiral TAYLOR. I presume that is correct.

TYPE OF VARIOUS VESSELS TO BE BUILT.

The CHAIRMAN. Admiral, in order that we may have a concise statement of the new construction that is coming from this fund, suppose you set out in the record the exact number and type of various vessels to be built, which, as I understand you, are to total \$251,000,000, \$36,000,000 of which you are asking should be paid for out of appropriations to be made in connection with the appropriation for the Navy for the coming fiscal year.

Status of naval emergency fund, new construction, Nov. 1, 1918.

Vessels or projects.	Number of vessels.	Number of vessels after cancellation.	Obligations.	
			Outstanding balances before cancellation.	Outstanding balances after cancellation.
Destroyers Nos. 110-185.....	76	76	\$49,773,000	\$49,773,000
Destroyers Nos. 336-344.....	9	9	9,399,388	9,399,388
Seagoing tugs Nos. 19-45.....	27	21	10,480,000	8,680,000
Mine sweepers Nos. 1-54.....	54	49	16,891,200	15,141,200
Submarine chasers.....	447	441	1,138,138	998,138
Eagle patrol boats Nos. 1-112.....	112	60	38,250,496	27,850,496
Ford Motor Co. plants, River Rouge and Kearny.....			2,719,170	2,641,670
Staten Island Shipbuilding Co. plants.....			775,099	775,099
Submarines Nos. 147-152.....	6	6	848,115	848,115
Submarines Nos. 155-168.....	14		25,200,000	
Total.....			155,474,805	116,107,106
Reimbursement from French Government for submarine chasers.....				7,200,000
Net outstanding balances after cancellations and reimbursements.....				108,907,106

Admiral TAYLOR. Yes, sir. I have here the originals and the cancellations also.

CANCELLATIONS.

(See p. 583.)

The CHAIRMAN. As I understand, you have canceled a large number of the orders for building the Ford eagle boats?

Admiral TAYLOR. Fifty-two.

The CHAIRMAN. Out of a total of 112?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. You have been unable to cancel any of the contracts for destroyers?

Admiral TAYLOR. The contracts for the destroyers were further advanced under this appropriation, and so far none has been canceled.

The CHAIRMAN. You do not contemplate being able to cancel any of them?

Admiral TAYLOR. Not under this, except, perhaps, one or two at the navy yards. Some at the navy yards are less far advanced. There

is none under this project which is not practically 25 per cent advanced, and when a vessel is 25 per cent advanced with all the subsidiary contracts it is practically impossible to save over 40 per cent of the cost.

The CHAIRMAN. Are these destroyers of the type that you want?

Admiral TAYLOR. Yes, sir. They are all 35-knot destroyers. We have built none since the war began except the 35-knot destroyers. They differ a little in type. The last 150 differed slightly from the first 111 ordered. They carry a little more fuel and there are minor changes.

The CHAIRMAN. What is the total number of destroyers that you contemplate out of this fund?

Admiral TAYLOR. Eighty-five.

The CHAIRMAN. Which you are going forward with?

Admiral TAYLOR. In addition to that, we had some under the regular three-year program, 38. A little over a year ago we added facilities for the construction of 150, of which we will probably cancel a few, those that we last undertook.

The CHAIRMAN. Are you going to have any balance out of that appropriation?

Admiral TAYLOR. No, sir. This is the appropriation in which we estimate at present that we will have a deficiency, but I think before we get through we will not.

The CHAIRMAN. That was a part of the appropriation "Increase of the Navy?"

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. What else did you cancel out of this construction?

Admiral TAYLOR. We canceled 6 sea-going tugs; we canceled 5 mine sweepers. There was a reimbursement of \$7,200,000 from the French Government made on account of the submarine chasers which they took over. The French took over 50 and we subsequently built 50 for them. We had ordered in addition to the submarines under the three-year program 14 more. We did not sign the contract, but we placed the orders in September. Those are all canceled. We are only building the submarines contemplated in the three-year program. Those are all the cancellations.

TUESDAY, December 10, 1918.

MARINE CORPS.

STATEMENT OF BRIG. GEN. GEORGE RICHARDS, PAYMASTER,
MARINE CORPS.

PAY OF MARINE CORPS.

The CHAIRMAN. You have had \$69,667,476.92 for pay of the Marine Corps?

Gen. RICHARDS. Mr. Sherley, that figure was compiled in the Navy Department after I had made my estimate of saving out of current appropriations only. I ascertained just at the moment I arrived here that this sum included not only the current appropria-

tion but also appropriations made for "Pay of the Marine Corps" in the act of March 3, 1917, and subsequent deficiency appropriations. It may be that I can surrender more money than I have proposed, because, as we figured it at my office at Marine Corps headquarters, it was a surrender of money out of the current appropriation only that was to be considered.

The CHAIRMAN. The other appropriations are still available?

Gen. RICHARDS. The other appropriations cover a period that has now expired, but the money is still available on the books of the Treasury. I have sent to my office to have that difference between the current appropriation of \$50,135,874.14 and this sixty-nine million explained, a difference of about \$18,000,000. Out of the current appropriation we have reported a saving of \$9,680,874.14. This current appropriation was made for the support of 80,000 marines, 3,000 officers of the regular or temporary service, and 250 officers of the reserve for flying duty. Take the situation in the current fiscal year up until November 1, 1918; we maintained 1,700 commissioned officers and 70,000 enlisted men, and we expect for the rest of this year to maintain 2,800 officers and 70,000 enlisted men, an increase in the number of officers. As to that policy I have nothing to say. The Marine Corps has been short all along in commissioned personnel. The Marine Corps has followed the policy, adhered to it right along, of producing its commissioned officers from the ranks. These commissioned officers have been produced from the officers' training camps, and it is understood right now that the Marine Corps for the rest of the fiscal year will supply all of its commissioned personnel in that way. Upon that basis my figures are made.

The CHAIRMAN. Why should you undertake to keep your enlisted strength at as high a figure as 70,000?

Gen. RICHARDS. That is the department's policy. I can not discuss the merits of it or question the merits. I only know that the situation, as the Navy Department sees it, will require that force of marines for practically the rest of the year. In fact, we are about to go before the Naval Committee upon estimates for the Marine Corps from July 1 next of 70,000, properly officered.

The CHAIRMAN. Has it been determined as a policy of the Navy Department that the Marine Corps shall be at that strength in the future?

Gen. RICHARDS. Not as a permanent strength, but until the emergency ceases. We have roughly on the other side, Mr. Sherley, about 28,000 marines to-day. The rest of them are distributed on the ships of the Navy and at home. I can furnish you from headquarters a statement of the distribution, if you so desire.

The CHAIRMAN. Dealing now just with the current appropriation, you know, of course, exactly how much money you have paid out up to November 1, I presume?

Gen. RICHARDS. Yes, sir. The unexpended balance November 1, out of the current appropriation is \$37,057,874.14. We figure on no unpaid obligations.

The CHAIRMAN. You have eight months remaining to take care of?

Gen. RICHARDS. Yes, sir.

NUMBER OF OFFICERS AND MEN.

(See p. 594.)

The CHAIRMAN. Do you figure the fixed strength of the Marine Corps at 70,000 men for the rest of the year, eight months?

Gen. RICHARDS. Yes; the fixed strength of the Marine Corps is 70,000 men, in addition to the number of commissioned officers we now have. We have been running the Marine Corps short of commissioned officers, about 800 men, I think.

The CHAIRMAN. Are you figuring your full quota of officers for the eight months?

Gen. RICHARDS. No, sir.

The CHAIRMAN. You will not have them, of course. You are 800 short now, and a month and a half of the eight months have gone, and presumably you will not get your full quota of officers until probably the 1st of July.

Gen. RICHARDS. We will have about 450 officers added within a few days. You understand we have been conducting this officers' training camp down at Quantico. We go through the enlisted personnel and select men for training for commissioned officers, and that course of instruction and intensive training lasts for three months or more, and we now have a graduating class on the 15th of this month. Then there will be a new class to be immediately formed of about the same number.

The CHAIRMAN. That is a month and a half for 400 officers, which could be eliminated.

Gen. RICHARDS. That has all been cared for in these figures.

The CHAIRMAN. You used a weighted average for your officers, did you?

Gen. RICHARDS. In making my estimated expenditures up to November 1, I figured we had 1,700 officers, the actual number in the service, and 70,000 enlisted men. Then the estimated expenditures from November 1 for the balance of the fiscal year were based upon the following average strength, 70,000 enlisted men officered as we foresee it. In other words, what was done was this: We expected to receive between 400 and 500 officers the middle of December. Their pay from that date on is set aside as a sum that has to be held for expenditure. Then when the next class comes along in the following April we set off their pay for that time to the close of the year.

The CHAIRMAN (interposing). That is what I mean by a weighted average.

Gen. RICHARDS. Yes, sir.

The CHAIRMAN. How many officers will you have at your peak?

Gen. RICHARDS. I can not tell you the highest we will have. We have only held just the money necessary to pay those officers their salaries.

The CHAIRMAN. Well, what is the number of officers that go with 70,000 men?

Gen. RICHARDS. 70,000 men require 2,800 officers, 40 officers to 1,000 men.

The CHAIRMAN. So that you have not figured in your estimate on 2,800 officers for eight months?

Gen. RICHARDS. No, sir; I did not figure on the 2,800 being continuously in the service. I will go over this again to satisfy my own

mind that this statement is correct and that the additional one have not been figured on for the full balance of the year. If it should transpire that we had figured on the full number for the entire eight months, there, of course, would be more money to be surrendered.

I want to give you now these figures just received by me, showing the difference between what I have been working on for the current fiscal year, the \$50,000,000, and the amount you have there, which is \$69,667,476.92. The amount that was appropriated in the act of March 4, 1917, was \$7,132,802.78; in the urgent deficiency act of June 15, 1917, \$6,398,800; the urgent deficiency act of March 28, 1918, \$6,000,000, making a total of \$19,531,602.78. Add to that the current appropriation of pay \$50,135,874.14, and I find now that we get your figure, \$69,667,476.92.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. What do you figure your total saving?

Gen. RICHARDS. For the fiscal year 1918 we expended \$18,665,500.97, which gives an unexpended balance June 30, 1918, of \$866,101.81. I would like to say that we go through a fiscal year and pay the men up to date, but of course, sometimes claims arise involving questions of law where paymasters did not allow the full amount. These claims come in before the Treasury Department, but, as a matter of fact, they are not very heavy. I do not suppose through a fiscal year in times past they have run more than \$10,000. Whether that proposed amount of saving \$866,101.81 ought to be offset by any fund for that purpose, I do not know. I think you could safely neglect it. I would not like to say positively that that figure of a further saving, \$866,101.81, ought to be included in your bill, because they are my own figures arrived at here; I should like to consult with the experts at my office who know more about it.

The CHAIRMAN. If \$850,000 were taken away, that would give you enough leeway?

Gen. RICHARDS. I suppose if you would take off \$850,000 as an unexpended balance out of the appropriations that were made for the fiscal year ending June 30, you would take off about a safe amount. I think the experts at my office will agree with us—so that the total saving out of the fund of \$69,667,476.92 in your sheets here would be \$10,530,874.14—that is to say, the total of \$9,680,874.14 and \$850,000. This being a saving, or a proposed surrender here of moneys previously appropriated in the naval appropriation act approved March 4, 1917, under "Pay, Marine Corps," of \$7,132,802.78; the urgent deficiency act of June 15, 1917, under "Pay, Marine Corps," of \$6,398,800; the urgent deficiency act of March 28, 1918, of \$6,000,000; and the naval appropriation act of July 1, 1918, "Pay, Marine Corps," \$50,135,874.14; a total of \$69,667,476.92.

TUESDAY, DECEMBER 10, 1918.

STATEMENT OF COL. W. B. LEMLY, ACTING QUARTERMASTER,
UNITED STATES MARINE CORPS.

MAINTENANCE.

The CHAIRMAN. Colonel, you have an item under the head of maintenance of the Marine Corps of \$126,892,228, and your figures show that you have actually expended as of November 1, \$54,226,-247.66. You had an unexpended balance on that date of \$72,665,-980.34, and then under the head of unpaid obligations you have \$26,625,492.61, and then an unobligated balance of \$46,040,487.73. Is this latter figure a free balance in the Treasury in the full sense of the term?

Col. LEMLY. Yes, sir; and also a great part of the unpaid obligations have not yet been drawn out of the Treasury.

The CHAIRMAN. I understand, of course, that your Treasury balance is \$72,000,000. You say the \$46,000,000 is absolutely free, and that is to carry you through the rest of the fiscal year?

Col. LEMLY. Yes, sir.

The CHAIRMAN. This \$126,000,000 is made up from more than the appropriations of this fiscal year?

Col. LEMLY. Yes; that includes the acts of last year, which have been expended. We expended those of last year first, and then took up the current one, after the others had all been expended.

The CHAIRMAN. All of the previous year's appropriation?

Col. LEMLY. Yes, sir.

The CHAIRMAN. How much of the \$126,000,000 was appropriated for previous years?

Col. LEMLY. The first item is \$6,200,385 in the act of March 4, 1917; the next was \$20,408,161, act of June 15, 1917; the next was \$3,150,000, act of October 6, 1917; the next was \$3,930,000, act of March 28, 1918, and then the large amount of \$93,203,682 in the act of July 1, 1918.

The CHAIRMAN. The latter amount was for this fiscal year?

Col. LEMLY. For this fiscal year.

The CHAIRMAN. You indicate you will not have any money to turn back into the Treasury.

Col. LEMLY. Mr. Chairman, I have prepared a statement which I would like to read, if I may. [Reading:]

HEADQUARTERS UNITED STATES MARINE CORPS,
OFFICE OF THE QUARTERMASTER,
Washington, D. C., December 10, 1918.

Mr. CHAIRMAN: I have prepared a general statement in connection with the subject matter before your committee, and with your permission I shall be pleased to read it and will then answer any questions so far as I can that any of you gentlemen may care to ask in this connection.

In a communication dated the 6th instant from the major general commandant, Marine Corps, to the Secretary of the Navy, transmitting a statement of the condition of the current appropriation "Maintenance, Quartermaster's Department, Marine Corps," also appropriation "Reserve supplies, Marine Corps," it was urgently recommended by the acting quartermaster that no reduction be made in the unobligated balances. The upkeep expenses of the corps for eight months of the current fiscal year must be borne out of the unobligated balance of appropriation "Maintenance," and many necessary obligations constantly arising at home and abroad which can not be foreseen or anticipated under existing conditions. Many emergencies and ex-

traordinary expenses must be met, and in a large military organization as is the Marine Corps to-day, the Quartermaster's Department operates along the same business methods as a large commercial establishment would do, and must look months ahead in buying its stock of supplies, in order that any conditions that may arise can be quickly and efficiently met.

The statement referred to showed an unobligated balance of \$46,040,487.73 as of date November 1, 1918, whereas the balance to-day (December 10, 1918) is \$42,672,393. In other words, since November 1, \$3,368,094.73 have been obligated for various necessary materials, etc. It is estimated that at least \$3,500,000 will be required to meet the expenses for the balance of the current fiscal year for transportation of troops and \$1,000,000 for commutation of quarters more than was originally estimated for these objects, besides large expenditures for subsistence, clothing, and other incidental expenses, and at present indications it would not be advisable to recommend that any of the unobligated funds be released, otherwise there will be possibilities of deficiencies. I might say here there are no deficiencies under the Quartermaster's Department. The business of the Quartermaster's Department is conducted on as economical a basis as practicable to do so consistent with efficiency.

I also have a statement about the reserve supply. In reporting this balance the other day to the Secretary of the Navy we brought out the fact that the Marine Corps consists now, as Gen. Richards told you, of about 72,000 men, and we understand that the corps will be kept at those figures for the balance of the fiscal year, and that is what we have based our figures on.

The CHAIRMAN. Yes; but for the last month and a half you only spent \$3,500,000.

Col. LEMLY. For October——

The CHAIRMAN. No; from November to December.

Col. LEMLY. But a great many of our November bills have not come in and it is impossible to state them.

The CHAIRMAN. But that runs more or less uniform, and some of the other bills had not come in as of the 1st of November, and from the 1st of November to this date, a little over one month, you have spent \$3,500,000, and if you figure on that basis for 8 months it would be \$28,000,000, whereas you are actually figuring that you are going to spend \$46,000,000.

Col. LEMLY. We took into consideration the fact that a great many of our marines are coming home from abroad and undoubtedly will be disenrolled, and there will be transportation to pay.

The CHAIRMAN. That is not going to explain the difference between \$28,000,000 and \$46,000,000.

Col. LEMLY. No, sir; but it will explain quite a bit of it. Heretofore our transportation charges have not been so heavy.

The CHAIRMAN. But many of your men are not coming home because Gen. Richards has just stated they would be the first to arrive and the last to leave.

Col. LEMLY. A great many of our men are coming home now among the wounded men.

The CHAIRMAN. Yes; a limited number.

Col. LEMLY. Yes, sir.

CLOTHING, SUBSISTENCE, MILITARY STORES, CONTINGENT EXPENSES, ETC.

(See p. 594.)

The CHAIRMAN. What make up the major items of this maintenance appropriation?

Col. LEMLY. Clothing, subsistence, military stores, contingent expenses, and everything in the Marine Corps except pay and reserve supplies.

The CHAIRMAN. You have it all consolidated in the Marine Corps?

Col. LEMLY. It is consolidated and includes fuel, forage, commutation of quarters, etc. There are nine subheads.

The CHAIRMAN. To what extent have you been piling up reserve stocks; for instance, take the item of clothing.

Col. LEMLY. The act of July 1 appropriated \$16,677,200, which was appropriated for a specific object, and that was to provide supplies for 20,000 men; not, as I understand it, as a war measure, but to have supplies on hand at all times for 20,000 men, as has been recommended by the General Board of the Navy. We have not been able to spend much of that because of market conditions and the war ending as it did, but it is a continuing appropriation and is good until expended, and to carry out the recommendation of the General Board we think we should keep that and expend it from time to time as market conditions improve and we can get our supplies at the lowest possible figures.

The CHAIRMAN. Is that exclusive of your \$46,000,000?

Col. LEMLY. Yes, sir; that is exclusive of the \$46,000,000.

The CHAIRMAN. Then that does not explain this difference.

Col. LEMLY. No, sir; the \$46,000,000 we want in order to be on the safe side for the present fiscal year, otherwise there may be a deficiency.

The CHAIRMAN. You have got \$16,000,000 for a reserve?

Col. LEMLY. Yes, sir.

The CHAIRMAN. And your \$46,000,000 is purely for current needs?

Col. LEMLY. It is for current needs during the balance of the year.

The CHAIRMAN. How can you possibly figure you are going to need that amount of money?

TRANSPORTATION.

Col. LEMLY. Well, sir, transportation is one thing.

The CHAIRMAN. What do you figure your transportation is going to be? What has it averaged?

Col. LEMLY. We figure transportation alone will run \$3,500,000 for the balance of the year.

The CHAIRMAN. What else?

COMMUTATION OF QUARTERS.

Col. LEMLY. \$1,000,000 for commutation of quarters. Then we make our contracts for food supplies and all other military supplies from time to time.

The CHAIRMAN. You can figure what they are going to cost you and they will not cost you more, but the cost will be constantly growing less.

Col. LEMLY. The cost will constantly be growing less, but during the first four months of this year——

The CHAIRMAN. But that is now behind you.

Col. LEMLY. I know, sir; but we have not figured on the full strength of the Marine Corps. We are figuring now on 72,000 men.

NUMBER OF MEN.

(See p. 589.)

The CHAIRMAN. How many have you now?

Col. LEMLY. We have 72,000 now, but we did not have them during July, August, and September.

The CHAIRMAN. How many did you have in July?

Col. LEMLY. 56,000.

The CHAIRMAN. You did have the 72,000 for the month of October. and for that month you spent only \$3,500,000?

Col. LEMLY. Yes, sir; approximately.

The CHAIRMAN. And on the basis of that expenditure you would only need \$28,000,000?

Col. LEMLY. With eight months to go, yes; and this \$46,000,000 also includes clothing, fuel, forage, etc.

The CHAIRMAN. And the \$3,500,000 for October included all those things?

Col. LEMLY. For October, sir?

The CHAIRMAN. Yes.

Col. LEMLY. No, sir; that was from November 1.

The CHAIRMAN. Yes; and you told me that subsequently, in December, your balance had been cut from \$46,000,000 by about \$3,500,000. Now, if that is true it indicates that for October, which was the month you were getting the bills in for, you were paying about \$3,500,000, and I want to know if that was your rate in October, why you need more than \$28,000,000 of this \$46,000,000.

Col. LEMLY. I know we will need more per month for the balance of the year, as outlined in the statement previously read.

The CHAIRMAN. I would like to have the reasons for your conclusion.

Col. LEMLY. Transportation is one thing, sir.

The CHAIRMAN. Even if we concede you all your transportation. which is \$3,500,000, it still only brings your total up to \$31,000,000.

Col. LEMLY. The regular Marine Corps to-day consists of about 22,000 men, and the rest are reservists and men for the war, and those men we are discharging daily and are replacing them as fast as we can.

The CHAIRMAN. That makes no difference in their food, for instance.

Col. LEMLY. But it makes a difference in the clothing. In the first year the clothing allowance is very much larger than the allowance for the old men.

The CHAIRMAN. Do you not issue in kind instead of in money?

Col. LEMLY. Yes, sir.

The CHAIRMAN. And you get the clothing from the men who go out of the service?

Col. LEMLY. We get a certain percentage only, which is a very small amount.

CLOTHING.

(See p. 592.)

The CHAIRMAN. What do you figure on your clothing? You can not figure that to swallow up the \$20,000,000.

Gen. RICHARDS. There was one item there which possibly Col. Lemly did not cover. You know since July 1 we have received drafted men, or what we call voluntarily inducted men, and the

expense of taking those men in, so far as the recruiting service was concerned, was very little, but in releasing them and replacing them by voluntarily enlisted men, the recruiting expense will rise.

COST OF RECRUITING MEN.

The CHAIRMAN. Not very much, because you are going to have so many men coming out of the Army by enforced retirement, a certain percentage of whom will want to pursue a military career, that you probably will have available for the Marines as many men as you will need. What does it cost you to recruit a man?

Gen. RICHARDS. Those figures we have not here, but we can get them for you.

The CHAIRMAN. Well, roughly.

Col. LEMLY. It costs in the neighborhood of \$330 a year for a Marine; that is, the maintenance, which includes clothing, military equipment, and subsistence.

The CHAIRMAN. I am talking about the cost of recruiting.

Col. LEMLY. I have not those figures here.

The CHAIRMAN. It certainly would not be over a few dollars per man, would it?

Gen. RICHARDS. It varies in different localities.

The CHAIRMAN. Would it be as high as \$10 a man?

Gen. RICHARDS. There is not only the expense of recruiting, but the expense of transportation.

The CHAIRMAN. Would it be as much as \$10 a man?

Gen. RICHARDS. I think it would be much more than that.

The CHAIRMAN. As much as \$50?

Gen. RICHARDS. I expect it would be that and even more. You understand our recruiting stations are in the Middle West.

NOTE.—A statement by the officer in charge of recruiting on this subject is attached. On the date of the outbreak of the war there were approximately 15,000 men enlisted in the Marine Corps for a period of four years. On the 31st day of May, 1917, there were 20,932 such four-year enlistments. It is estimated that there are now in the service approximately 16,000 men enlisted for a period of four years. A large percentage of the men enlisted for the war and inducted into the service for the war will be discharged in the next three or four months.

Under existing conditions it will cost approximately \$14 per man to enlist recruits at recruiting stations. The average cost of transporting a recruit from the recruiting station to the recruit depot is \$36.

I have not been officially advised as to the number of men that may be enlisted during the coming year, but by using the above figures and subtracting 16,000 from the number of men desired, multiplying that number by \$50, you will have approximately the amount that is needed to recruit the corps to the desired strength.

A. S. McLEMORE,
*Colonel, Assistant Adjutant and Inspector,
In Charge of Recruiting.*

The CHAIRMAN. If it was \$100, which is tremendously high, even if you go back to the old system, which you ought not to, because you ought to have a method of recruiting right at the demobilization camps, and if you will pursue that method your entire recruiting can not cost you over two or three million dollars at the extreme limit, and therefore, Colonel, making allowance for all the things you can think of as added expense, you still are from 10 to 15 million dollars shy on your figures.

Col. LEMLY. Hardly so much as that, sir. We did not want to have any deficiencies, of course, and we have gone over this carefully and figured it up as closely as possible.

The CHAIRMAN. Of course there are two ways to prevent deficiencies, one is to get more than you can possibly spend and one is to spend only what you have. I do not see how you can conceivably use \$46,000,000 for these eight months.

Col. LEMLY. Well, we might scale that a small bit, but I do not know how much. There is one other thing I would like to mention, and that is, as General Richards stated, there are these officers coming from the enlisted men at Quantico, and when those men are commissioned there will be that many vacancies in the corps and there will be a certain number of men recruited to fill up the service.

The CHAIRMAN. Yes; but that is a negligible number, 800 men.

Col. LEMLY. Yes; but I wanted to bring in the item of clothing because the clothing is more for a man in his first year than at any other time. His allowance the first year is about double.

The CHAIRMAN. Have you any idea that your expenses will run over \$4,000,000 a month for these eight months when in October it was only \$3,500,000?

Col. LEMLY. I do not believe they will run less than that.

The CHAIRMAN. At \$4,000,000 per month for eight months, that is only \$32,000,000, and you have got \$46,000,000.

Col. LEMLY. I think it will run considerably more than that.

The CHAIRMAN. I do not see what is going to make it run more than that.

Mr. BYRNES. Has it run more than \$4,000,000 any month?

Col. LEMLY. Yes, sir; considerably more.

Mr. BYRNES. What month?

Col. LEMLY. Probably in July and August, considerably more than that.

Mr. BYRNES. What did it amount to?

Col. LEMLY. Expenditures and obligations for July \$30,733,649; expenditures and obligations for August \$6,032,412.

Mr. MONDELL. That was under war conditions?

Col. LEMLY. Caused probably by the placing of large contracts.

The CHAIRMAN. How much money did you spend during July, August, September, and October?

Col. LEMLY. \$20,537,701.66, but this does not include the amount obligated, which was \$26,625,492.61.

Mr. MONDELL. How many months does that cover?

Col. LEMLY. Four months.

Mr. MONDELL. Five million dollars a month?

Col. LEMLY. Yes, sir; but \$5,000,000 per month represents expenditures and does not include amount obligated, which averaged an additional sum of \$6,600,000 per month.

The CHAIRMAN. You have \$14,000,000 and more to build up your reserve of clothing supplies.

Col. LEMLY. That \$14,000,000 is for all reserve supplies, clothing, ammunition, subsistence, and everything, and it is based on the recommendation of the General Board of the Navy that we carry always a reserve for 20,000 men to meet any contingency which might arise. That appropriation is good until expended.

Mr. EAGAN. You are figuring on a final enlisted strength of 80,000 men?

Col. LEMLY. Seventy thousand.

Mr. EAGAN. You have 72,000 now?

Col. LEMLY. Yes, sir.

DISCHARGE OF MEN.

The CHAIRMAN. Are you going to undertake to maintain it at 70,000 and only let men go as you get new men in, or are you undertaking to release men who enlisted for the war and then build back to 70,000?

Gen. RICHARDS. Under orders only those men shall be discharged whose services can be spared without relief, without a man being taken in to take his place.

Mr. MONDELL. What does that mean? If an officer in charge did not care to reduce his force under that kind of an order he would not discharge anybody.

Mr. EAGAN. No matter what the reason might be.

Col. LEMLY. I think I have seen a more recent order, that any man for educational, for business, or good family reasons could be discharged at the discretion of the commandant of the Marine Corps.

Mr. MONDELL. You are not going to retain men in the Marine Corps who have wives and families?

Col. LEMLY. No, sir; if they have good reasons. They are now being placed on the inactive list of the reserve.

The CHAIRMAN. The Secretary testified that in order to make sure that the commandants did not arbitrarily refuse they were required to send here the cases that they refused as well as the cases that they granted.

Gen. RICHARDS. Yes, sir.

The CHAIRMAN. That being so, the probability is that you will not average 70,000 men for the eight months.

Col. LEMLY. We figure on 70,000 for this reason: We understand that some of the men abroad may come home, and if they do come they will have to be replaced. I think if we can show prospective recruits of the Marine Corps that they may go abroad, that we will get them and get them fast. We have had men abroad now for 18 months.

The CHAIRMAN. Please put in the record a statement of what you consider will be your expenditures under the major heads of clothing, subsistence, transportation, and recruiting, and such other major items as go to make up this expenditure?

Col. LEMLY. Yes, sir.

The statement requested is as follows:

Provisions	\$8, 727, 239
Clothing	10, 937, 889
Fuel	1, 007, 141
Military stores	10, 022, 328
Transportation and recruiting	3, 594, 555
Repairs of barracks	683, 081
Forage	205, 395
Commutation of quarters	2, 215, 438
Contingent	5, 026, 490
Total	42, 419, 556

In connection with this statement, attention is invited to the fact that during the months of July to October, inclusive, this present fiscal year, the expenditures plus the amount obligated total \$47,163,194.27, an average expenditure per month of \$11,790,798.57. In other words, the amount expended and obligated during the first 4 months of the current fiscal year totaled \$47,163,194.27, while the amount that it is believed will be required for the balance of the fiscal year, 8 months, November, 1918, to June, 1919, inclusive, is but \$42,419,556, which will only allow an average expenditure per month of \$5,302,444. The estimated average expenditure per month for the last 8 months of the present fiscal year is less than half of the actual expenses plus obligated amounts per month of the first 4 months of the year.

The amount stated above, \$42,419,556, represents the available balance this date, December 13, 1918.

RESERVE SUPPLIES.

The CHAIRMAN. You have an item that we referred to without discussing, \$16,677,200, Colonel, for reserve supplies, Marine Corps?

Col. LEMLY. Yes, sir. That was appropriated for in the act of July 1. With reference to the unexpended balance under the appropriation "reserve supplies," I have a copy of a letter from the commandant to the Secretary of the Navy, dated December 6, in which he explains that that was an appropriation specifically for reserve stores, so that at any time the Marine Corps would have a reserve supply in stock immediately available for 20,000 men. We have taken steps to procure supplies under that appropriation, but we stopped a few weeks ago on account of the high prices.

AMOUNT TO BE COVERED BACK INTO THE TREASURY.

The CHAIRMAN. You ask for a covering into the Treasury of \$9,677,200 of that amount?

Col. LEMLY. I beg your pardon; there must be some mistake.

The CHAIRMAN. That is what your table shows.

Col. LEMLY. That must have been done after it left headquarters of the Marine Corps. Here is a copy of the letter to the Secretary about it.

DECEMBER 6, 1918.

From: The major general commandant.

To: The Secretary of the Navy.

Subject: Appropriations for Marine Corps.

Reference: (a) Circular letter to chiefs of bureaus and offices from Navy Department, 11-29-18.

(b) Memo for bureau chiefs from Navy Department, 12-5-18.

1. In compliance with references, the Acting Quartermaster of the Corps has carefully prepared the accompanying statement concerning appropriations of the Quartermaster's Department of the Marine Corps, and referred to in such references. The statement is self-explanatory and needs no detailed explanation except in so far as refers to the current appropriation and the appropriation for reserve supplies, Marine Corps, as there are no balances remaining under the other appropriations.

2. With reference to the current appropriation "Maintenance, Quartermaster's Department, Marine Corps," it will be noted that there is an unobligated balance of \$46,040,487.73 on November 1, 1918, out of a total appropriation of \$93,203,682, but out of this unobligated balance must be paid the current expenses and the upkeep of the corps until June 30, 1918, or practically eight months' expenses of the current fiscal year must be borne out of this fund, and it is believed that this unexpended balance will be needed and is necessary, and should not be disturbed. The conditions of the corps have not changed so far as affecting this appropriation since the armistice was signed, and while the estimates for the current fiscal year provided for a strength of 75,500 men, plus Marine Corps Reservists and militia, to-day there are about 74,000 men in the corps. Large expenditures for transportation have been made and will continue, owing to the large movements of troops and the placing of Reservists on the inactive list, and the reestablishment of the regular recruiting service which

has been authorized by the Navy Department. Besides, there will be large expenditures for commutation of quarters, as well as for subsistence, clothing, and other incidental expenses, which must be taken care of out of the current available funds to meet efficiently the needs of the service.

3. With reference to the unobligated balance of the appropriation of \$16,677,200 for reserve supplies, Marine Corps, attention is invited to the fact that this appropriation is to remain available until used, and it is earnestly and urgently recommended that the department take no action that will in any way affect this fund, as it is believed important that the Marine Corps should have a reserve supply at all times for at least 20,000 men, to meet quickly any emergency. While the statement shows that a little over \$2,000,000 have been expended and obligated, the quartermaster has now in process a list of stores to be purchased out of this fund amounting to in the neighborhood of \$5,000,000. In collecting this reserve supply of standard material it is the intention of the quartermaster to gradually accumulate the supplies by keeping in close touch with the market, and to buy the supplies from time to time when it is most economical to do so, and market conditions are favorable to that end. In this connection attention is particularly invited to the following extract from the testimony before the Committee on Naval Affairs, House of Representatives, Washington, D. C., January 23, 1918, of the statement of Maj. Gen. George Barnett, Commandant, United States Marine Corps, which thoroughly and in detail explains the necessity for the funds to procure a reserve supply of stores. (Document No. 7, pp. 175, 176, 177, 178.)

"Gen. BARNETT. Before it leaves my mind, in this connection I would like to have one thing entered here. When the war came we fortunately had clothing equipment for about 8,500 men that we did not have, and very fortunately, because the recruits came so fast that if we had not had it we would have been up against it hard. Therefore, I hope this committee will give very serious consideration as to whether or not in their opinion we now have sufficient money, regardless of the necessary appropriations of clothing and equipment for the absolute number of men in the corps, to again go ahead and accumulate a reserve of clothing and equipment. In my opinion it is an absolute necessity. We never know what is going to happen. From force of circumstances we might have to have an additional meeting of this committee on account of some big battle over there, and I therefore recommend, gentlemen, that we be allowed to accumulate a supply of clothing and equipment.

"The CHAIRMAN. Does this make any provision for that?

"Gen. BARNETT. This makes no provision for any reserve of clothing or equipment. It is absolutely the necessities of the corps. I would say definitely in my opinion there is not a dollar that can be cut from that thing that Gen. McCawley has read, because it is an absolute necessity for the number of men in the corps. In my opinion, whatever the strength of the Marine Corps be, whether it is 30,000 or 40,000, we to be prudent must have reserve allowance of this equipment.

Mr. HICKS. I would suggest that Gen. McCawley give us a statement as to that.

The CHAIRMAN. I was going to ask that he do that.

Gen. McCAWLEY. I had it in my notes to bring that subject to the attention of the committee, and was going to recommend just exactly what Gen. Barnett has suggested, in language something like this: "Toward the procurement of a reserve stock of clothing, arms, and equipment and other necessary military supplies, to be immediately available, and to remain available until expended, \$16,677,200." and I would suggest that with a corps of about 35,000 men that we have now, we at least ought to begin the accumulation in reserve for 20,000 men, and the figures for that 20,000 men I have estimated will be \$16,677,200. That includes clothing, arms, and accouterments, and all sorts of military supplies, tentage, and everything of that kind, and I regard it as one of the gravest things to be considered now, because our supplies under this bill are only for necessities for this year.

The CHAIRMAN. Just at that point. Assuming the importance of having it, could you expend all of the \$16,000,000 during this year?

Gen. BARNETT. I feel, sir, that we could.

Gen. McCAWLEY. We could go a long way toward it. At any rate we could enter into the contracts and at the present state of the mercantile world and the drain on it due to the necessities of the Army and Navy, it is going to be more and more difficult for the Marine Corps, with its small needs, to obtain its supply unless we start immediately. The Army has placed such enormous orders for materials of all kinds connected with the equipment of an army, in many instances taking the whole output of certain materials, it is highly important that the Marine Corps take immediate steps to enter into contracts for additional quantities of necessary material before it becomes impossible to place such orders. As you are aware, the estimates for the coming fiscal year were made on the basis of 35,000 men, but this leaves no reserve

stock whatever, and it is believed to be not only in the interest of economy but prudent as well to provide additional stores to be held as a reserve for at least 20,000 more men. On January 2 I presented this matter for the consideration of the Navy Department. Should an increase in the strength of the corps be authorized, the supplies contemplated would become immediately necessary, and in any event all of the supplies purchased will be those used daily in the corps and in their procurement, therefore, there will be no loss whatever to the Government, but it will enable us to keep that much ahead of immediate needs and consumption. A disastrous fire in any of our storehouses would cripple us greatly.

The prices of textile materials are advancing at a very rapid rate, and there is no relief in sight and purchases made at this time will result in a very material saving over those which would be made at a later date. Illustrating the extent of recent Army purchases, the following may be cited: 11,000,000 blankets, 15,000,000 yards 16-ounce melton for uniforms, 11,000,000 yards duck for leggings. I can not too strongly impress upon you the importance of this measure in view of information I have obtained from the National Council of Defense as to the manner in which the Army is absorbing the manufacturing output of this country. It will be too late to wait for the passage of an urgent deficiency bill.

"The CHAIRMAN. I just wanted to know what you hoped to do during the fiscal year.

"Gen. McCawley. I think we could obtain nearly all of them during the next fiscal year; but I would like to begin immediately, and for that reason I am suggesting that this appropriation be made immediately available.

"Gen. Barnett. That is my opinion, regardless of any increase to be made, because I am sure that every member of this committee and everybody connected with the Government—that is, the Navy part of it—is particularly glad that we happened to have a reserve of 8,500 men, because you fortunately have heard no question about the marines not being clothed or fed.

"Mr. Butler. I would like to go a step further and say everybody in the United States is particularly glad there is a Marine Corps.

"Gen. Barnett. We do not want anything to happen in the Marine Corps hereafter to necessitate a change of our record.

"Mr. Britten. This appropriation of \$16,000,000, if appropriated in the bill, will put the existing Marine Corps, and only the existing Marine Corps, on a war basis?

"Gen. Barnett. That is it. I consider that any business man, the manager of that business, would be totally inadequate if he did not contemplate the future possible needs of his establishment, and that is all I am recommending now.

Mr. Britten. Supposing that an increase in the enlisted strength of the Navy were adopted for this year, it will carry here an increase in the Marine Corps—

Gen. Barnett. (interposing). It does not provide for it.

Mr. Britten. If an increase is provided for, an increase will have to be made proportionately.

Gen. Barnett. It will be a separate item entirely. I think that the 20,000 that Gen. McCawley has mentioned, considering that we have 36,000 men now, is only a reasonable prudence for the number of men we have now. We can go far toward completing this within the year.

Mr. Butler. You had this reserve store on hand when you began enlisting last year?

Gen. McCawley. We had been accumulating it from year to year by saving. Then last February, before war was declared, we began accumulating, by purchase, additional reserve stock. I spent every cent I had in hand at that time that we could spare, between then and the 1st of July, to buy additional supplies, because we anticipated war would come.

Mr. Butler. This was all standard material?

Gen. McCawley. Yes, sir; this material I am contemplating purchasing now would be just as good 5 or 10 years from now as it is to-day. It is all standard equipment and we would use it and replace it as required with new material.

Mr. Butler. We doubled the size of the Marine Corps last year.

Gen. McCawley. Practically trebled it, because the Corps had not been recruited to its new strength.

The CHAIRMAN. You can make your statement, but in the absence of something to the contrary, the committee would follow the indication here.

Col. Lemly. That was done after it left the headquarters of the corps. [Reading:]

With reference to the unobligated balance of the appropriation of \$16,677,200 for reserve supplies, Marine Corps, attention is invited to the fact that this appropriation is to remain available until used, and it is earnestly and urgently recommended that the department take no action that will in anyway affect this fund, as it is believed important that the Marine Corps should have a reserve supply at all times for at least 20,000 men, to meet quickly any emergency. While the statement shows that a little over \$2,000,000 have been expended and obligated, the quartermaster has now in process a list of stores to be purchased out of this fund amounting to in the neighborhood of \$5,000,000. In collecting this reserve supply of standard material, it is the intention of the quartermaster to gradually accumulate the supplies by keeping in close touch with the market, and to buy the supplies from time to time, when it is most economical to do so and market conditions are favorable to that end. In this connection, attention is particularly invited to the following extract from the testimony before the Committee on Naval Affairs, House of Representatives, Washington, D. C., January 23, 1918, of the statement of Maj. Gen. George Barnett, commandant, United States Marine Corps, which thoroughly and in detail explains the necessity for the funds to procure a reserve supply of stores.

That is the testimony of Gen. Barnett and of the quartermaster, Gen. McCawley.

The CHAIRMAN. Evidently the department has accepted your statement that you were going to spend \$5,000,000 and has taken that as the expenditure that you should make under this appropriation and has indicated that the balance might be covered into the Treasury. That would seem to be more reasonable on account of this phase of the matter, that while your corps now is to be maintained at 70,000 men for the near future, manifestly it is not going to stay at anything like that figure as a permanent corps.

Col. LEMLY. No, sir; it will not.

The CHAIRMAN. And when it is reduced there will come as a result of that reduction a considerable reserve?

Col. LEMLY. That is an appropriation that is good until expended. We were following the recommendation of the general board that we always have in reserve stores for 20,000 men. But, as you say, that was before the Marine Corps was at its present strength. We have started to accumulate stores; we did it some time ago, but the war wiped the reserve out very quickly.

EXPENSES FOR THE MARINE CORPS RESERVE TO BE COVERED INTO THE TREASURY.

The CHAIRMAN. You have a little item of \$25,000 for expenses of the Marine Corps. You spent none of that. What is that for?

Col. LEMLY. I do not know.

The CHAIRMAN. There is no reason why you should keep it.

Col. LEMLY. It is not a Quartermaster appropriation.

The CHAIRMAN. Is there any reason why that amount should not be covered into the Treasury.

Gen. RICHARDS. This fund of \$25,000 was an item of appropriation contained in the act of March 4, 1917, as "for expenses for the Marine Corps Reserve." It was not allocated as an appropriation either to the Quartermaster's Department or the Paymaster's Department. As a matter of fact, not a penny of this money has been disbursed thus far, and the entire sum may be covered into the Treasury and used as a savings for the purposes of this committee.

The CHAIRMAN. I understand, but that is not what it says. It says that those three acts authorize you to undertake all the projects that you have undertaken. My impression is that those acts authorized you to undertake projects to the extent that they appropriated money.

Admiral PEOPLES. That is true so far as the total amount of the appropriations is concerned. This new wording was intended to cover authorizations in the way of destroyers, submarines, mine sweepers, tugs, and the like, which were mentioned in those three acts.

The CHAIRMAN. The effect of your language, as contained in the naval bill, is to carry the conclusion that Congress authorized in a legal way the obligations which you have incurred, including this deficiency?

Admiral PEOPLES. It was not so intended.

The CHAIRMAN. Admiral, do you desire to add anything to your statement of two days ago touching the new construction?

Admiral TAYLOR. No, Mr. Chairman.

INCREASED COMPENSATION TO SECURE EXPEDITIOUS CONSTRUCTION
OF SHIPS—COST-PLUS WORK.

The CHAIRMAN. I notice that there is carried here as a separate item for increased compensation \$20,000,000, of which there was expended to November 1, \$700,000, with unpaid obligations of \$4,000,000 and an unobligated balance of \$15,300,000, which latter sum it is estimated need not be expended. What is the explanation of that?

Admiral TAYLOR. The explanation is that the original naval emergency fund provided, among other purposes, to secure the more expeditious construction of ships. That was supposed at the time to be a large expenditure, and \$20,000,000 was tentatively set aside; but before we spent any material amount it was necessary to put all of the new construction on a cost-plus basis, and it was impossible to separate the money spent for expediting construction from the money spent on the ships which were under contract where we authorized overtime. There is another expenditure in the case of 20 submarines, where the contract provides for certain bonuses for the delivery within specified times. The third expenditure is in the case of the *New Mexico*, building at the New York yard and at excess cost. There was an authorization to increase the limit of cost by 20 per cent.

The CHAIRMAN. How much represents increased compensation as a bonus for expediting delivery, and how much covers increased cost irrespective of that? You have apparently spent and obligated the Government to the extent of \$4,700,000.

Admiral TAYLOR. We figure that approximately \$2,000,000 will be necessary to cover the increased cost.

The CHAIRMAN. So that you have spent about \$2,700,000 for increased compensation in order to expedite building?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. What did you get out of it?

Admiral TAYLOR. We got the *Mississippi* completed sooner. It is impossible to say how many days. The larger amount of that

will be for the 20 submarines which were contracted for on the premium basis, not exceeding \$140,000. Their contract was with the understanding that we were not allowed to offer more than 20 per cent under the law and it will probably average between \$80,000 and \$90,000. In other words, we will get about half of the maximum acceleration for the 20 boats.

The CHAIRMAN. You mean that you will pay about half of what you are authorized to pay?

Admiral TAYLOR. We will get about half of the acceleration which we would have undertaken.

The CHAIRMAN. If I understand, what you have done has been to pay about 10 per cent as a bonus over what would have been the normal cost of building these submarines?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. And by virtue of that you accelerated the building of them to what extent?

Admiral TAYLOR. We accelerated the building about four months in some cases. It varies with the boats. Only half a dozen of them have been finally completed. We have not figured up the exact amount.

CONSTRUCTION AND REPAIR.

The CHAIRMAN. Under the head of "Construction and Repair" there was \$1,000,000 appropriated, of which none seems to have been paid out of the Treasury, and you have unpaid obligations of \$968,020.58, leaving a balance of \$31,979.42, which you are prepared not to use?

COALING FACILITIES.

Admiral TAYLOR. That includes a number of items. The major items included are the expenditures in connection with the enterprise for coaling. We undertook to provide coaling facilities at Norfolk, Hampton Roads, and New York. Our part of that was to provide the cranes on barges to handle the coal. That is, the crane is put on a barge and the coal is lifted out with a clamshell bucket and dropped on the ship. That accounts for \$587,000 of that figure. That work is almost completed. I think the bills must be late not having been paid by the 1st of November.

GAS MASKS.

Another large item was in connection with the gas masks, \$191,000. We provided 200,000 gas masks for the Navy. This was in connection with the special problem of monoxide solvent, which we provided, and also 45,000 masks complete.

The CHAIRMAN. Did you get those through the Army or did you go into this manufacture?

Admiral TAYLOR. We used the Army chemicals, but used a mask somewhat different from the Army, because the men could not very well get around the ships with the Army mask, but the design is just the same and the chemicals just the same; we used the Army chemicals.

TUGS.

There was an item of \$40,000 for building tugs 19 and 20. They were caught in the ice last winter. We finished them in the winter and brought them out.

INDICATORS FOR SUBMARINE CHASERS AND EAGLE BOATS.

There was also an item of \$45,000 for indicators for the submarine chasers and the Eagle boats. Those indicators are large dial signs. The boats work in threes; listening, and each boat sets its indicator to show the direction of the submarine from him, and they make a rough triangulation to locate the approximate position of the boat, and then the three move on up toward the submarine and make another location. It developed as a result of our experience that we had to provide the indicators.

The CHAIRMAN. That cost what?

Admiral TAYLOR. \$45,000 for something over 500 boats.

ORDNANCE.

GENERAL STATEMENT.

The CHAIRMAN. Under the head of "Ordnance" there was allotted out of this fund \$22,771,981.28; expended as of November 1, \$17,469,075.62, with unpaid obligations of \$5,094,847.54, leaving an unobligated balance of \$208,058.12. Apparently you do not expect to get rid of your obligations, but expect to expend that additional amount of money.

Admiral EARLE. The expenditures of that \$208,058.12 are covered by allotments made in December of \$107,400 and in January \$83,000. for work at the naval gun factory, torpedo station, Puget Sound, and Norfolk; in manufacture of torpedo tubes, war head attachments, cartridge cases and other details for fifteen destroyers, for which Ordnance is furnishing the material.

The CHAIRMAN. Do not let us simply touch on the little balance that is left, but let us find out something about what has been done with all of this money and why it is you can not get rid of any great portion of these obligations. What were you expected to do with the \$22,000,000 which was allotted to you?

Admiral EARLE. The \$22,000,000 allotted to me was for various purposes, and I have each contract, requisition, and amount in tabular form showing exactly what each item was spent for.

The CHAIRMAN. I want, first, some general statement.

Admiral EARLE. This money was spent for ammunition details running from 55,000 priming caps, 2,000 aircraft bombs, 400,000 pounds of smokeless powder and boxes for the same, 100,000 tracer fuses, 300,000 pounds of T. N. T., 50,000,000 30-caliber cartridges, 1,000,000 ignition fuses, 500,000 pounds of T. N. T., 100,000 ammunition boxes, 130,000 30-caliber ball ammunition, 12,500 gun slings, 18 compressors for destroyers, 36 triple tubes, rifles and equipment for destroyers, depth charges for destroyers, trap nets. etc.

The CHAIRMAN. I wish you would put all of the details in the record, but in the meanwhile I would like to know whether this fund was used for everything anybody wanted in connection with ordnance at any time or whether it bore some relation to a program in connection with construction.

Admiral EARLE. It bears a relation to the actual number of vessels that were to be constructed, and they varied from destroyers to 110-foot boats.

CANCELLATIONS.

The CHAIRMAN. If that be true, how comes it that Construction gets rid of a large part of their program and you get rid of none of yours?

Admiral EARLE. The amount of money actually spent, of course, only leaves us \$5,000,000 at the present time, in round figures, and that leaves us with the remaining contracts on hand that we could not cancel.

The CHAIRMAN. Did you try to cancel any of them, or did you not want to cancel them?

Admiral EARLE. We canceled just as many as we possibly could that were not needed for the Navy.

The CHAIRMAN. This statement does not show anything of that kind, or the statement is not complete; it does not show that you have gotten rid of a dollar's worth of obligations.

Admiral EARLE. The amount of money we expect to get rid of by cancellations is only \$372,178.33 out of that \$5,000,000.

The CHAIRMAN. Here is what I want to know, Admiral: You say this bore a relationship to new construction, and manifestly it should have done so, whether it did or not. Now, Construction had gone ahead and obligated itself to the tune of nearly \$300,000,000.

Admiral EARLE. Yes, sir.

The CHAIRMAN. It is proposed to get rid of \$46,000,000 of that, while you do not propose to get rid of practically any of yours. There does not seem to be a balancing.

Admiral EARLE. The only thing I can say as to that is that we can not always get our small gear—and so many various ones—finished just exactly to keep pace with the particular vessel that it is designated for.

The CHAIRMAN. Apparently you have not.

Admiral EARLE. No, sir; and if we had, of course, it would have been very unfortunate during the war because—

The CHAIRMAN (interposing). Is not the real explanation, frankly, that you are going ahead with a lot of work in the arsenals and elsewhere on material that you think the Navy ought to have, without regard to whether the Navy needs the material?

Admiral EARLE. No, sir; absolutely not. My material was being made for the necessities of the construction of vessels.

Admiral PEOPLES. Were not the batteries on the submarines charged to the naval emergency fund?

Admiral EARLE. Yes, sir.

Admiral PEOPLES. Therefore, that will be a portion of that \$22,000,000.

Admiral EARLE. And that is where the biggest cancellation comes, on some of them that were not finished.

The CHAIRMAN. You seem to have made the staggering cancellation of \$300,000.

Admiral EARLE. Yes, sir. The \$5,094,847.54 that is left is the only thing there can be any saving made on, and on that we are canceling contracts amounting to \$372,178.33. The remaining articles are these: Air compressors for destroyers, 110-118; spotting glasses for destroyers, 110-124; torpedo tubes for the same; binoculars; gun-sight telescopes—

The CHAIRMAN (interposing). How much of that sort of material are you going to have available from ships that you are going to dismantle and not use?

Admiral EARLE. We are going to have much more material than we can possibly use.

The CHAIRMAN. Then why should you go on building this stuff?

Admiral EARLE. We will go on only when it will become uneconomical and very wasteful to stop.

The CHAIRMAN. What constitutes the economy if you already have more material than you want? If you have more of that material than you need where can the economy be?

Admiral EARLE. You get something for your money.

The CHAIRMAN. But you get something you do not need and have no use for.

Admiral EARLE. No, sir; we have use for most of this material.

The CHAIRMAN. You just stated that you had more of it than you would need coming from other ships.

Admiral EARLE. No, sir; not right now, because we are going to put ships out of commission.

The CHAIRMAN. That is just what I say. You absolutely illustrate my statement, but you think it is desirable to have all of this reserve of material while I do not.

Admiral EARLE. No, sir; I do not think it is advisable.

The CHAIRMAN. Your statement bears that construction.

Admiral EARLE. No, sir; I say we do not want to throw away the money we have already spent in the production of these articles.

The CHAIRMAN. But you are talking now about money to be spent in finishing articles.

Admiral EARLE. Yes, sir.

The CHAIRMAN. For which you have no need. You may have a future need, but there is no present need—is not that true?

Admiral EARLE. Exactly.

The CHAIRMAN. Then why should we spend the money?

Admiral EARLE. My position is that it is wasteful if you spend money and get nothing.

The CHAIRMAN. It is more wasteful if you spend additional money and get something you do not need.

Admiral EARLE. But in this case you will need them either to-day, to-morrow, or next day.

The CHAIRMAN. I know, but you insist on dealing with to-morrow and next day ad infinitum, while I insist on dealing with to-day.

Admiral EARLE. No, sir; these things are already so far finished—and much over 50 per cent finished—that we would have to pay, anyhow, a certain amount.

The CHAIRMAN. How much of this \$5,000,000 represents obligations outside of the arsenals?

Admiral EARLE. Practically all but \$200,000.

The CHAIRMAN. Have you made any effort to see whether you could cancel these contracts?

Admiral EARLE. Yes, sir; I started before the armistice was signed.

The CHAIRMAN. I know, and that is one kind of an effort, but you do not seem to believe it is desirable to cancel if they are more than 50 per cent completed, and I am asking you whether, waiving for the

moment the question of desirability, you have undertaken to ascertain what you could do in case your viewpoint were changed and you wanted to cancel?

AIR COMPRESSORS FOR DESTROYERS.

Admiral EARLE. Absolutely, sir, and I have it all right here. Take the air compressors for destroyers, 110-118, and they are pretty nearly finished.

The CHAIRMAN. They involve how much?

Admiral EARLE. \$102,600. We need them because the destroyers are going to be built and they are going to operate them.

TORPEDO TUBES.

Torpedo tubes, \$334,800; they are going to be needed because the destroyers are going to be finished.

The CHAIRMAN. Will you not have other torpedo tubes available?

Admiral EARLE. No, sir.

The CHAIRMAN. From ships that are dismantled?

Admiral EARLE. No, sir.

THREE-INCH BOAT GUNS.

Three-inch boat guns, \$305,659.79, which we need.

The CHAIRMAN. You have more 3-inch guns than you know what to do with.

Admiral EARLE. We do not need them right now but we would have needed them if the boats had been finished.

The CHAIRMAN. But you do not need them now.

Admiral EARLE. No, sir.

The CHAIRMAN. Then what is the justification for finishing them?

Admiral EARLE. They are practically all so nearly finished that it would cost you about that much money to cancel the contract. You have to pay for what work has been done on them.

The CHAIRMAN. How much has been done on them and how much would be involved?

Admiral EARLE. Well, they are very nearly finished, but we have not paid for them.

TWENTY-ONE-INCH TORPEDOES.

The next big item is 21-inch torpedoes, amounting to \$1,592,352, and we need them.

The CHAIRMAN. They are standard torpedoes, are they not?

Admiral EARLE. Yes, sir.

The CHAIRMAN. You will be buying some of them out of next year's appropriation, will you not?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Then, why should you be buying them now? Why should you not either reduce your next year's appropriation or eliminate them from this appropriation and transfer them to your next year's fund?

Admiral EARLE. These are already contracted for.

The CHAIRMAN. I understand they are, and what is happening, I believe, is that no account will be taken of them and you will just go ahead and get additional ones out of next year's funds.

Admiral EARLE. No, sir.

The CHAIRMAN. And that is the way you want to pile up your tremendous reserve?

Admiral EARLE. No, sir. These torpedoes are for certain destroyers and they are going to be finished, so far as we know.

The CHAIRMAN. But you are going to have a surplus of torpedoes, so that tying them to certain destroyers is simply an ingenious way of holding to them. A lot of your vessels are going to be dismantled and torpedoes and tubes will come from them?

Admiral EARLE. Yes, sir.

The CHAIRMAN. That is true?

Admiral EARLE. Yes, sir.

The CHAIRMAN. So that you could supply these new destroyers from that stock, could you not?

Admiral EARLE. I have not any idea how much I can do of that, and it certainly would not be desirable, I should think.

The CHAIRMAN. Why not?

Admiral EARLE. Because unless you have the torpedoes for your destroyers the destroyers are not worth 30 cents, if they are called into action.

The CHAIRMAN. I understand that; but you will get torpedoes for these destroyers from the ships that had torpedoes on them and which will never have them on again.

Admiral EARLE. I have no knowledge of any vessels of that type and no such statement has been made to me. I think Admiral Taylor will bear me out in that. I know of none that will go out and become obsolete.

Admiral TAYLOR. The old destroyers carried 18-inch torpedoes, did they not?

Admiral EARLE. Yes.

Admiral TAYLOR. While the 31-knot destroyers will carry 21-inch torpedoes?

Admiral EARLE. Yes.

The CHAIRMAN. Did you not supply any vessels besides destroyers with torpedo tubes and torpedoes?

Admiral PEOPLES. None except the battleships.

Admiral EARLE. There were certain battleships, of course. It takes a great many years to build one torpedo—from two to three years. There will be \$2,894,000, to be exact, involved in torpedoes out of this \$5,000,000.

The CHAIRMAN. And you want to get them all?

Admiral EARLE. We must have them; yes, sir.

The CHAIRMAN. Of course, you say you must have them and you mean you think you ought to have them.

Admiral EARLE. No, sir. I mean I am only getting what I am told to get, sir. I think we ought to get them; yes, sir; I think that, too.

The CHAIRMAN. Has any survey been made to ascertain what equipment you are going to have on hand and what you need to continue the supply?

Admiral EARLE. Yes, sir. We know exactly what we have on hand and what we need to supply. There is no guesswork at all about that.

The CHAIRMAN. There may be no guesswork but there may be certain assumptions as to needs which people might question, and I wonder whether there has been, in view of the new situation, not only as to torpedoes and tubes, but generally as to ordnance, a taking of stock with a view to ascertaining what you need and what you can use, or whether you gentlemen are insisting on going ahead and building every unit complete and availing yourselves of nothing that may be available in the way of stock on hand.

Admiral EARLE. I can say this, sir: We immediately reduced the amount of ordnance material required on a war basis to the amount of material required on a peace basis, and we are utilizing every bit of the war surplus that we had in all types of ordnance material and crediting that to the peace-time basis in order to make a peace-time allowance for such vessels as Ordnance has to provide material for.

The CHAIRMAN. I am glad to hear it, although I have not seen it reflected in the figures in connection with the funds that you gentlemen have available. Go ahead with your summary.

Admiral EARLE. That is about all, sir.

The CHAIRMAN. You have only figured on about \$2,500,000.

Admiral EARLE. No, sir; about \$5,000,000.

The CHAIRMAN. You have mentioned two items which make about \$400,000 and then you mentioned \$2,500,000 for torpedoes.

FOUR-INCH GUNS—GUN MOUNTS—OPTICAL INSTRUMENTS.

Admiral TAYLOR. Four-inch guns, \$241,897.50. These are for destroyers. Gun mounts, \$213,130.

The CHAIRMAN. You are not proposing to build 4-inch guns?

Admiral EARLE. We are finishing up the mounts that we have already on order.

The CHAIRMAN. Was all of your work so far advanced that you could not stop any of it?

Admiral EARLE. No, sir; I stopped over \$142,000,000 in contracts on gun mounts.

The CHAIRMAN. But you did not out of this fund?

Admiral EARLE. No, sir.

The CHAIRMAN. How does it happen that this fund should all have been so far expended as to give you no leeway?

Admiral EARLE. These contracts were the ones we were not able to cancel. We have canceled on 4-inch gun mounts, under this appropriation, only \$47,000; we have canceled on boat guns \$258,000 and on binoculars, spotting glasses and gunsight telescopes, \$65,000.

The CHAIRMAN. There was no trouble about canceling in connection with optical instruments, was there, because you were having great delay and trouble in getting them?

Admiral EARLE. Ordnance was supplying glasses right straight along.

The CHAIRMAN. But you had great difficulty? You had to create a new industry?

Admiral EARLE. Yes, sir; we had to create new facilities.

The CHAIRMAN. And you are continuing to use the facilities you created?

Admiral EARLE. We expect to be out of the new facilities within the next month.

The CHAIRMAN. What made up the other big items?

Admiral EARLE. That is practically all the big items; all the other being small; parts of binoculars that were needed, parts of gunsight telescopes that were needed, etc. I have been over this list very carefully many times and I have had a great many conferences with bureau officers and with the contractors, and we have gotten it down to that amount.

The CHAIRMAN. \$300,000?

Admiral EARLE. Yes, sir.

The CHAIRMAN. Why do you figure to have to spend \$208,000 that you have not obligated?

Admiral EARLE. We have already spent \$190,400 out of that \$208,000.

The CHAIRMAN. When did you do that—since November?

Admiral EARLE. During December we spent \$107,400 and during January we spent \$83,000, and that leaves us only \$8,000 unexpended.

The CHAIRMAN. You expended that amount in December and January?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What was it for?

TORPEDO TUBES—WAR HEAD ATTACHMENTS.

Admiral EARLE. It was for the manufacture of torpedo tubes at Government yards and war head attachments at Government yards.

The CHAIRMAN. Did you feel warranted in going ahead with the additional tubes?

Admiral EARLE. Yes, sir.

The CHAIRMAN. What is the explanation of that?

Admiral EARLE. Those tubes are needed for the destroyers. The war heads are needed and the cartridge cases and other details of the 15 destroyers must be completed.

The CHAIRMAN. You figure, then, that you want to spend all that has been allotted to you. Do you want any additional?

Admiral EARLE. No, sir.

The CHAIRMAN. How does that happen?

Admiral EARLE. I made a good estimate in the beginning, I guess, sir.

STEAM ENGINEERING.

The CHAIRMAN. For Steam Engineering you have had \$8,897,857 allotted out of this fund and have spent \$6,876,713.96; you have \$781,658.90 in the way of unpaid obligations, you have \$1,239,484.14 unobligated balance, you expect to reduce your contracts by \$205,375 and eliminate work contemplated amounting to \$639,484.14, and yet you show an estimated reduction of but \$844,859.14?

Admiral GRIFFIN. The difference is due to the expenditures for the last few months and to run the remainder of the year to operate the commercial radio stations and the air stations.

The CHAIRMAN. Do these figures correspond with those that you testified to a couple of days ago?

Admiral GRIFFIN. They are practically the same. There is a slight difference in the later figures that have come in, but that is insignificant.

SUPPLIES AND ACCOUNTS.

The CHAIRMAN. For Supplies and Accounts there seems to have been allotted \$2,474,687.35, that you have spent \$1,507,682.21, you have unpaid obligations of \$211,937.31, an unobligated balance of \$755,067.83, to reduce by contracts, \$12,850, and to eliminate work contemplated but not now to be done, \$755,067.83, making a statement here of \$767,917.83 that is not needed, but what is the explanation of the need of the unobligated balance of \$755,000?

Admiral PEOPLES. That is being given up.

The CHAIRMAN. No.

Admiral PEOPLES. That is a reduction, sir; in other words, cancellations of unpaid obligations, \$211,937.31.

The CHAIRMAN. You are expecting to reduce that only by \$12,850?

RENTALS OF DOCKS, ETC.—CHARTERING OF VESSELS.

Admiral PEOPLES. Yes, sir. That is due to rentals on certain docks. The first item is:

Naval emergency fund (Supplies and Accounts).

Outstanding obligations.....	\$211, 937. 31
1. Rental of Mystic Docks warehouses, Boston, Mass.....	53, 325. 23
45 floors, 283,500 square feet; annual rental, \$73,278.	
This space is used for the storage of material for which there is no available space within the Boston Navy Yard. The Mystic Docks property will be given up sometime during the next six months, the greater part of it being relinquished upon the completion of the addition to the main storehouse in the Boston Navy Yard which will be ready for occupancy about Mar. 1, the remainder of the space to be given up about the 1st of May when the Army warehouse to be used by the Navy is ready. About two-thirds of the space will be relinquished by the 1st of May, the remainder to be retained until the end of the present fiscal year. Saving of \$8,300.	
2. Rental of warehouses, Baltimore, Md.—75,000 square feet.....	30, 000. 00
Annual rental, \$30,000.	
This space was leased from the Baltimore & Ohio Railroad Co. for use as the N. O. T. S. supply base at Baltimore. Operations will be continued at this point as long as the Navy maintains and operates N. O. T. S. vessels from Baltimore. The Shipping Board has not indicated what changes will be made in this respect, and it is assumed that the property will be required during the remainder of the current fiscal year.	
3. Rental of storehouse at Key West, Fla., from Mallory Steamship Co..	1, 800. 00
6,000 square feet of space; annual rental, \$2,400.	
This space is used for the storage of ordnance guns and miscellaneous stores. So far as can be stated, this building will be required for the remainder of the current fiscal year, or until there is an opportunity to arrange for the transfer of material to other points.	
4. Rental of warehouses, Ellsworth Street, Philadelphia, Pa.....	11, 000. 00
Annual rental, \$12,000.	
Storage space, approximately 58,000 square feet.	
These warehouses are used for the storage of supplies for the navy yard, Philadelphia, for which no storage space is available within the yard proper. Two temporary warehouses are now under construction in the immediate vicinity of the yard and upon completion will be used for the storage of all supplies now carried in the rented space referred to. These building will probably be given up about Apr. 1. Estimated reduction on account of cancellation, \$3,000.	

5. Warehouse at Troy, N. Y.....	\$5,000.00
Annual rental, including handling charges, \$5,000.	
This storage space is used for the temporary storage of provisions and will be given up about April 1, 1919. Estimated reduction on account of cancellation, \$1,250.	
6. Warehouses at Buffalo, N. Y.....	2,088.24
This building was for the temporary storage of provisions and was given up in November on account of transfer of provisions to the base at New York and the contract closes by the payment of the outstanding obligation.	
7. Cat Hole Dock, adjoining navy yard annex, Portsmouth, Va.....	2,400.00
Annual rental, \$2,400.	
Period of detention indefinite. The annex to the navy yard, which is rented under appropriation "Pay, miscellaneous," was acquired prior to the outbreak of the war. After the annex had been operating for a short time it developed that the water front facilities for docking vessels were insufficient and arrangements were made to rent the dock on the north side of this property in order that additional facilities might be available in loading and unloading vessels. This property is an important and essential part of the navy yard annex.	
8. Rental of warehouse in Jersey City for storage of surplus stock of provisions.....	1,200.00
Annual rental, \$1,200.	
Estimated saving on account of cancellation, \$300.	
This space will probably be given up about April 1.	
9. Rental of office in Buffalo adjacent to Delaware, Lackawanna & Western Railroad Pier, \$250 per annum.....	250.00
This office is used for district activities in connection with the operation of tugs and small vessels and will probably be required during the remainder of the present fiscal year.	
10. Charter of vessels <i>Florence</i> , <i>Princess</i> , and <i>Ebo</i> for use in connection with N. O. T. S. at Baltimore, at \$10, \$10, and \$4 per day.....	8,156.00
The vessels <i>Florence</i> and <i>Princess</i> are chartered at \$10 per day each for use in delivering provisions and supplies to the vessels in the N. O. T. S. supply service at Baltimore. The launch <i>Ebo</i> is chartered at \$4 per day for transportation between the supply base, fuel depot, and around the harbor in connection with N. O. T. S. These services will be required so long as the N. O. T. S. activities continue at Baltimore, and probably will not be terminated before June 30, 1919.	
11. Charter of tug <i>Barney</i> and steam lighter for provisions and clothing depot, at \$32.50 per day, as required.....	12,056.00
12. Charter of steam lighter <i>Mary Jordan</i> , at \$75 per day, as required..	25,050.00
13. Charter of tugs and lighters for provisions and clothing depot (<i>Dana</i> , \$30 per day; <i>Sterling</i> , \$16 per day; <i>Grayce</i> , \$16 per day; <i>Shannon</i> , \$16 per day; <i>Catherine</i> , \$16 per day; <i>Bessie</i> , \$80 per day; <i>Charles P. Kupper</i> , \$100 per day; <i>Helen Anton</i> , \$16 per day; <i>David A. Brady</i> , \$80 per day; <i>Sanda</i> , \$13.33½ per day).....	36,967.95
The above vessels, tugs, and lighters are used in connection with the fleet supply base for the delivery of supplies, provisions and clothing to the vessels of the fleet and vessels of the N. O. T. S. in and around New York Harbor. The services of these vessels will be required during the remainder of the current fiscal year.	
14. Miscellaneous supplies and equipment which have been delivered and payment not reported to Supplies and Accounts up to Nov. 1, 1918.....	23,243.89
Total.....	211,937.31
Total estimated reduction through contract cancellation.....	12,650.00

Making a total of \$211,937.31.

The CHAIRMAN. They are all for rental or charter?

Admiral PEOPLES. Rentals or charters.

— CHAIRMAN. And you reduce them only by \$12,000?

Admiral PEOPLES. \$12,850.

The CHAIRMAN. What has most of the other money gone for?

Admiral PEOPLES. Out of the total of \$2,000,000?

The CHAIRMAN. Yes, sir.

Admiral PEOPLES. Charters, vessel hire, and all that sort of thing, since the beginning of the war; \$1,507,000 has been expended up to date.

The CHAIRMAN. There is a contingent item of \$255,979.43 and you have spent \$134,665.45, and have unpaid obligations of \$121,314?

Admiral PEOPLES. Yes, sir. That is for some rentals also. The rental of the wharf at Boston, \$22,500.

Naval emergency fund (Contingent).

Outstanding obligations.....	\$121, 314
1. Rental of Fiske Wharf, Boston.....	22, 500
2. Rental of Pier 27, Philadelphia.....	36, 000
3. Rental of boat to carry workmen to Boston yard.....	1, 000
4. Rental of Wards Island, N. Y., for hospital purposes.....	1
5. Rental of Curtiss Aviation Field, Miami, Fla.....	1
6. Services of shuttle train for conveying employees between Charleston, S. C., and the navy yard.....	61, 812
Total.....	121, 314

Item 1.—Fiske Wharf: 207,142 square feet, of which 84,375 square feet is covered storage. Annual rental, \$30,000; outstanding obligation, \$22,500. The covered space on this wharf is used for the Navy's stock of wool. Several cargoes of wool are now in transit from Australia and will be placed in storage at Fiske Wharf upon arrival. This wharf will be relinquished on or before June 1 or as soon as the Army warehouse space assigned to the Navy is available. Reduction through cancellation (one month's rent), \$2,500.

Item 2.—Rental of Pier 27, Philadelphia, Pa.: 144,100 square feet of space. Annual rental, outstanding obligation, \$36,000. This pier is used for the Naval Overseas Transportation Service Supply Department in the maintenance of service vessels basing on Philadelphia. This pier must be retained until at least June 30, 1919, as the new storehouse at Philadelphia Navy Yard will not be ready for occupancy before that date. (Pennsylvania Railroad Co.'s pier.)

Item 3.—This item covers the services of the steamer *Frances* to carry passengers from Boston to Charlestown Navy Yard at such times as may be necessary due to lack of regular ferry. The rate during the summer months is \$45 per day when actually employed, and during the winter months \$40 per day. The total estimated cost of the service is \$1,000 and the full amount has probably been expended, although payment has not yet been reported to Supplies and Accounts.

Item 4.—This contract provides for the rental from the State of New York of Ward's Island for use for hospital purposes under the direction of the Surgeon General of the Navy, and the rental is at the nominal figure of \$1 per annum. The property will be relinquished as soon as it is no longer required for naval purposes.

Item 5.—This item covers the rental at the nominal figure of \$1 per annum for the Curtiss Aviation Field No. 1 at Miami, Fla., which has been used for aviation purposes by the Navy.

Item 6.—In January, 1918, it became necessary to provide train service for the employees at the Charleston Navy Yard, located about 7 miles from the city, and neither the city railroad company nor the Railroad Administration could furnish the necessary services so train services were arranged between the city of Charleston and the navy yard under conditions which provided that the Navy would collect the fares and make good to the railroad company the difference between the cost of operation and the receipts. Settlement with the railroad company has not yet been effected and the final charge against the Navy can not therefore be determined.

	Per day.
11 cars per day, at \$15 each.....	\$165
Less fares, 770, at 10 cents.....	77
Net cost.....	88
Total savings from contract cancellation, \$2,500.	

TRAIN SERVICE FOR EMPLOYEES AT CHARLESTON, S. C., NAVY YARD.

Service of shuttle train for taking employees between Charleston, S. C., and navy yard, \$61,812, making a total of \$121,314. The principal item there is the service of the shuttle train, that item has not been settled. It was necessary to put a train on from the city of Charleston to the navy yard to carry the employees and mechanics out in the morning and back again at night. The men were charged for a period of the time 5 cents each way. A recent recommendation made by the commandant is to charge them 10 cents per day each way. The cost of each car is \$15 a day. There will be an adjustment which will cut that down. We do not know exactly how much; it is dependent upon the number of employees carried.

FOR VESSELS PURCHASED FOR HARBOR PATROLS.

The CHAIRMAN. For vessels purchased you had allotted \$7,076,629 and you seem to have spent to November 1, \$35,956,929.55, unpaid additional obligations incurred were \$1,771,260.24, so that you created a deficiency over your allotment of \$30,651,560.79?

Admiral PEOPLES. Yes, sir. These vessels were purchased under the direction of the Chief of Naval Operations and represent the vessels that have been bought for harbor patrol, tugs, cargo carriers, oil tankers, scouts, and the like. I have here an itemized statement of the name of the vessels and the amount paid for each vessel.

The CHAIRMAN. Please put that in the record.

Admiral PEOPLES. Yes, sir.

(The statement referred to will be found beginning at page 180 in the hearings before the House Committee on Naval Affairs in the testimony of Rear Admiral Roberty E. Coontz, acting chief of Naval Operations, Dec. 10, 1918.)

Admiral PEOPLES. There was a board of appraisal appointed by the President, consisting of, I think, five members which determined the appraised value in amount to be paid for each ship. Of course, a very considerable number of these ships will be sold and the proceeds will be returned to the Government. There will be some 350 vessels, I understand, to be sold. The Secretary has recently ordered a special board of sale for that purpose.

The CHAIRMAN. There are still \$12,000,000 that you have not accounted for?

ALTERATIONS TO HULLS, FITTINGS, ETC.

Admiral PEOPLES. The alterations to the hulls, fittings, etc., cost \$10,269,302.55.

The CHAIRMAN. Have you that segregated according to the vessels?

Admiral PEOPLES. For a part of the time; yes, sir. For each vessel, we have taken the sum total and charged the work over a number of months. That is ascertainable. I did not bring the details with me. The annual report up to June 30, gives in detail the amount spent on each and every ship—that is, for alterations—and it would be a case of adding to it the individual ship charges, which could not amount to very much, because most of this work was done in the period prior to July 1, last year.

Naval emergency fund—Status of project—"Vessels purchased"—Admiral Osterhaus.

Amount allotted.....	\$7,076,629.00
Expenditures to Nov. 1, original cost of vessels purchased and taken over.....	25,687,627.00
Charges for alterations and additions in fitting these vessels for service with the Navy under titles D, K, and P, and the amount actually paid out for charter hire to Nov. 1, 1918:	
Operating expenses and repairs to equipage.....	\$884,294.00
Charter of scout patrols.....	3,655,087.00
Repairs and alterations to scout patrols and other vessels purchased and chartered.....	5,729,921.55
	10,269,302.55
Making a total expenditure to Nov. 1 of.....	35,956,929.55
The unpaid obligations on November 1 were \$1,771,260.24, analyzed as follows:	
Vessels purchased, not yet paid for, awaiting adjustment of final price:	
Blue Ridge.....	\$250,000.00
Underwriter.....	100,000.00
Sara Thompson.....	700,000.00
Peter Struben.....	36,000.00
Joseph Bellows.....	55,000.00
George Squires.....	33,000.00
Margaret.....	48,000.00
Total.....	1,222,000.00
Charter hire of vessels leased.....	543,672.08
Miscellaneous expenses in connection with the purchase and charter of vessels.....	5,588.16
Total.....	1,771,260.24

Would you like to have me give you the long lists of vessels that have been chartered?

The CHAIRMAN. I do not think you need to place the lists in the record.

Admiral PEOPLES. The lists were printed in the hearings of the Naval Affairs Committee.

The CHAIRMAN. When were the allotments of this fund made?

Admiral PEOPLES. The allotments were made at various times, and ordinarily in this way: At the beginning of the war, when the necessity for this fund was considered by the secretary, it was just a rough estimate as to the number of certain small craft, and that sort of thing, that was required. Then the secretary made certain authorizations to the chiefs of the different bureaus to go ahead and carry out certain of their projects. They arose from time to time. There was no special set of allotments made at any one time; these allotments spread over a period of a year and a half, at various times, as the need for a thing arose.

The CHAIRMAN. You have not made a reallocation lately in order to get up this balance sheet?

Admiral PEOPLES. No, sir.

VESSELS CHARTERED FROM SHIPPING BOARD.

The CHAIRMAN. You have an \$11,000,000 item.

Admiral PEOPLES. Yes, sir; that represents the amounts that the Navy owes the Shipping Board for vessels chartered through that board.

The CHAIRMAN. For Government-owned vessels or privately-owned vessels chartered by the Shipping Board?

Admiral PEOPLES. Both, sir; some were taken over by the Shipping Board, some were built by the Shipping Board, and others were privately owned. I have here a list of each vessel, the duty upon which she was engaged, the owner, the date taken over, her dead-weight tonnage, her monthly hire, the hire up to date, and the dates that they are going to be released, varying dates from January up until June. We have paid bills from the Shipping Board to date, that is, up to the 1st of November, amounting to \$2,030,293.05, and the total estimated hire to the date of release, that is, between now and June 30, of each vessel, or to June 30, in the case of those few vessels which will be kept until that time, amounts to \$13,391,493.87. That may vary, depending upon the day of the month upon which the vessel is turned over, but the estimated amount, according to the rates of hire, all of which is \$4.15 per ton in the case of each vessel, with the exception of seven which are indicated at other varying rates, \$5.15, \$6.13, and \$8.25 per ton, will approximate about \$11,000,000 that the Navy will owe the Shipping Board.

The CHAIRMAN. That is the hire of the vessel only?

Admiral PEOPLES. Yes, sir; on a bare ship basis.

The CHAIRMAN. Suppose you insert in the record a list of the ships thus chartered and the amounts in each instance.

Admiral PEOPLES. Yes, sir.

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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Statement of all vessels chartered or through Shipping Board as of date Jan. 1, 1919.

Vessel.	Duty.	Owner.	Date taken over.	Dead-weight tonnage.	Monthly hire.	Hire to Oct. 31, 1918.	Estimated hire to date of release or to June 30, 1919.	Probable date when charge to naval emergency fund will cease.
Albatross.	Wooden cargo carrier.	United States Shipping Board.	Nov. 18, 1918.	3,300	\$14,525.00		\$107,962.87	Indefinite.
Anabola.	Oil tanker.	Texas Co.	Aug. 19, 1918.	4,400	16,225.00	\$44,327.41	96,987.44	Feb. 1, 1919.
Barago.	Wooden cargo carrier.	United States Shipping Board.	Sept. 25, 1918.	3,500	11,525.00	17,427.10	133,627.10	Indefinite.
Bayview.	Cargo carrier.	do.	do.	3,500	11,525.00	17,427.10	32,485.78	Dec. 2, 1918.
Berkshire.	Paravane experimental vessel.	Merchants & Miners.	Mar. 24, 1918.	2,300	12,505.00	98,554.90	157,929.90	Apr. 1, 1919.
Bessie.	Cargo carrier.	United States Shipping Board (ex hutch).	Mar. 21, 1918.	5,880	\$49,115.24	361,797.89	751,719.51	Indefinite.
Broad Arrow.	Tanker.	United States Shipping Board.	Mar. 16, 1918.	12,602	52,298.30	383,952.63	550,847.53	Feb. 1, 1919.
Black, Frank H.	Oil tanker.	Associated Oil Co.	Jan. 25, 1918.	10,035	\$11,645.25	394,514.76	509,450.61	Feb. 1, 1919.
*Canadania (ex El Pelio).	Mine planter.	Southern Pacific Co.	Nov. 24, 1917.	3,964	\$21,378.60	273,847.25	371,361.65	Mar. 1, 1919.
*Caracenia (ex El Cid).	do.	do.	Nov. 23, 1917.	3,964	\$24,378.60	274,859.06	372,173.46	Do.
Caribou.	Cargo carrier.	United States Shipping Board.	June 12, 1918.	4,130	\$4,505.81	100,318.34	437,161.82	Indefinite.
Chimney.	Oil tanker.	do.	Oct. 2, 1918.	8,000	\$7,850.00	36,143.16	110,848.46	Jan. 1, 1919.
Chetaw.	Cargo carrier.	Atlantic Gulf & West Indies Steamship Co.	Feb. 19, 1918.	2,950	12,468.50	103,400.03	163,442.53	Apr. 1, 1919.
Connell.	Tanker.	United States Shipping Board.	May 7, 1918.	6,997	29,037.55	169,361.51	314,549.96	Do.
Do-hra.	Cargo carrier.	do.	Oct. 21, 1917.	7,200	28,986.00	369,505.04	608,545.04	Indefinite.
Hisco.	Oil tanker.	United States Shipping Board.	Oct. 4, 1917.	7,953	\$4,513.45	472,535.71	692,535.71	Nov. 1, 1918.
*Jousatonic (ex Elrio).	Mine planter.	Southern Pacific	Nov. 21, 1917.	3,964	\$24,378.60	276,282.67	373,797.07	Mar. 1, 1919.
Klova.	Cargo carrier (mines).	United States Shipping Board.	Feb. 13, 1918.	2,900	12,408.50	105,879.21	143,104.75	Feb. 1, 1919.
Lake Ridge.	do.	do.	Dec. 12, 1917.	3,000	12,450.00	132,791.70	232,391.70	Indefinite.
Lake Champlain.	do.	do.	Jan. 19, 1918.	3,000	12,450.00	121,354.26	224,274.26	Do.
Lake Erie.	do.	do.	Dec. 31, 1917.	3,000	12,450.00	124,914.59	224,514.59	Do.
Lake Huron.	do.	do.	Jan. 11, 1918.	2,960	12,294.00	126,112.45	224,384.46	Do.
Lake Michigan.	do.	do.	Dec. 12, 1917.	3,000	12,855.00	124,781.49	227,701.49	Do.
Lake Ontario.	do.	do.	Dec. 12, 1917.	3,000	12,855.00	137,218.08	240,138.09	Do.
Lake Placid.	do.	do.	Dec. 20, 1917.	3,323	13,790.45	143,415.16	212,387.41	Apr. 1, 1919.
Lakeport.	do.	do.	Jan. 3, 1918.	4,200	17,430.00	133,702.15	260,852.15	Do.
Lakeside.	do.	do.	Jan. 5, 1918.	3,100	12,855.00	127,351.92	191,676.92	Do.
Lakeside.	do.	do.	Dec. 31, 1917.	3,000	12,450.00	124,914.59	187,164.59	Do.
Lake Superior.	do.	do.	Dec. 18, 1917.	3,000	12,855.00	134,647.66	198,973.66	Do.
Lake Tahoe (now Evansville).	do.	do.	Dec. 12, 1917.	3,000	12,450.00	132,791.70	195,041.70	Do.
	Cargo carrier.	do.	Dec. 24, 1917.	5,600	23,240.00	238,591.14	* 354,791.14	Do.

* All vessels except those starred (*) are under the Naval Overseas Transportation Service. Charter hire paid on vessels checked (✓).
 † Rate of hire, \$3.15 dead-weight tonnage.
 ‡ Rate of hire, \$6.15 dead-weight tonnage.

§ Rate of hire, 35 stillings per dead-weight tonnage (a change 4.765). All other vessels figured at \$4.15 dead-weight tonnage.

Statement of all vessels chartered or through Shipping Board as of date Jan. 1, 1919—Continued.

Vessel.	Duty.	Owner.	Date taken over.	Dead-weight tonnage.	Monthly hire.	Hire to Oct. 31, 1918.	Estimated hire to date of release or to June 30, 1919.	Probable date when charge to naval emergency fund will cease.
Lakeview.....	Cargo carrier.....	United States Shipping Board.....	Jan. 9, 1918	3,323	\$13,700.45	\$134,676.16	\$203,626.41	Apr. 1, 1919
Lake Wood.....	do.....	do.....	Dec. 13, 1917	3,100	12,865.00	135,932.88	200,287.88	Do.
Lake Worth.....	do.....	do.....	Dec. 16, 1917	3,100	12,865.00	135,904.48	199,859.48	Do.
Maing.....	do.....	Ex-Dutch.....	May 21, 1918	5,600	45,983.13	246,115.31	613,020.35	Indefinite.
Mercurius.....	do.....	do.....	Apr. 19, 1918	4,015	33,490.08	214,259.12	482,099.76	Do.
Pasagoula.....	do.....	do.....	Oct. 3, 1918	3,500	14,525.00	14,026.79	130,256.79	Do.
Fruit, Herbert L.....	Wooden cargo carrier.....	United States Shipping Board.....	June 9, 1918	10,122	42,006.30	198,799.02	198,799.02	Nov. 1, 1918.
Rappahannock.....	Oil tanker.....	do.....	Dec. 7, 1917	11,200	46,480.00	603,494.60	875,334.60	Indefinite.
*Goonake, ex-El Dio.....	Cargo carrier.....	Southern Pacific Co.....	Nov. 19, 1917	3,294	24,374.50	281,183.52	378,667.92	Mar. 1, 1919.
*Quinnebaug.....	Mine planter.....	Old Dominion S. Line.....	Dec. 2, 1917	2,393	30,714.75	337,922.33	460,521.25	Do.
*Saranac.....	do.....	do.....	Dec. 2, 1917	2,393	30,714.75	337,922.33	460,521.25	Do.
Sylvan Arrow.....	do.....	do.....	Dec. 2, 1917	2,393	30,714.75	337,922.33	460,521.25	Do.
	Oil freighter.....	Standard Transportation Co.....	July 15, 1918	12,882	52,215.30	186,204.93	342,550.88	Feb. 1, 1919.
Total charter hire paid to Oct. 31, 1918.						8,279,261.88	13,391,493.87	
						2,030,263.06	2,030,263.06	
						6,248,998.83	11,361,230.82	

* Rate of hire, 25 shillings per dead-weight tonnage (exchange 4.765). All other vessels figured at \$4.15 dead-weight tonnage.

* Rate of hire, \$6.15 dead-weight tonnage.

* Rate of hire, \$8.25 per gross ton (3,723 gross tons).

* All vessels except those starred (*) are under the Naval Overseas Transportation Service. Charter hire paid on vessels checked (✓).

NOTE.—Vessels needed after June 30, 1918, will depend on developments in Pacific.

The nine planters Canadarm, Camorus, Housatonic, and Rangoon will be sent to a navy yard for removal of mine-laying equipment and conversion into troop transports. Representatives of the Army and Navy will agree upon date when the Army is to start payment of charter hire. (Probable date estimated as March 1, 1919.) The Saranac and Quinnebaug will be sent to a navy yard for removal of mine-laying equipment and if practicable these vessels will be converted into troop transports—otherwise they will be restored to original condition and returned to the owners (probable date of transfer to Army or Navy Mar. 1, 1919). In case the Saranac and Quinnebaug are not converted into troop transports, the point might be made that the Government would save a lump sum to be paid the owner for restoring the vessel to her original condition. In computing the lump sum to be paid the owner, an estimate would be made of the cost of making the repairs, etc., necessary to restore the vessel, to which figure would be added charter hire for the time the vessel would be laid up in making such repairs. The consideration would be given, however, in arm. In the amount of charter hire, to be allowed the owner for the time required to effect alterations, for such work as conveniently could be made without removal of the ship from trade. In other words, allowances necessary to restore the vessel to the condition she was in when taken over by the Government.

With reference to the mine-layers which are to be converted into troop transports, it is the intention that the Army will pay for the cost of conversion from mine-layers to troop transports and later for the cost of conversion from troop transports to their original condition. Credit will be given the Army for the agreed-upon expense which the Navy would have been but to in restoring the vessel from a mine-layer to her original condition.

WATER SUPPLY AND UTILITIES AT HAMPTON ROADS, VA.

The CHAIRMAN. For water supply at Hampton Roads, \$3,000,000 seems to have been allotted and expended.

Admiral PEOPLES. I can explain as much of that as anyone in the Navy Department knows about it. The Hampton Roads Harbor Facilities Commission recommended that the Army, the Navy, and the Shipping Board jointly advance a sum of money aggregating about \$8,500,000 for the improvement of certain utilities in the Hampton Roads district in the way of water systems, lighting, extensions to trolley systems, and the like, due to the fact that the enormous number of troops and enlisted men of the Navy in that district had thrown such a load upon the existing facilities as to render them wholly inadequate. The Navy's share, as reported to us by the War Department, was \$3,000,000. That expenditure of \$3,000,000 represents a draft that was drawn in favor of the Construction Division of the Quartermaster General's Office of the Army, the work to be done by them. I telephoned them the other day to find out the status of the project and they reported that the Portsmouth water development on the 1st of January was 20 per cent complete, the Harwoods Mill water development 20 per cent complete and the Big Bethel water development 50 per cent complete. That is at Newport News, Portsmouth, and Norfolk. The work is being done, as I stated before, under the direction of the Construction Division of the Quartermaster General's Office of the Army.

The CHAIRMAN. Is that work to be completed?

Admiral PEOPLES. They report it is to be completed and they said they wanted \$345,000 each additional from the Army and the Navy. The report of the board, when it was received, was handled by the Secretary and approved by him, and an allotment of \$3,000,000 was granted.

The CHAIRMAN. Is this to be Government owned or is it just a gift.

Admiral PEOPLES. There is some arrangement by which the Government is to be reimbursed at a certain amount per year for water sold. The Army told me it aggregates something like \$40,000 per year, but at that rate it is going to take a good many years to make complete reimbursement to the Government.

The CHAIRMAN. That will not take care of the interest on the investment.

Admiral PEOPLES. No, sir. It is not all water; there were trolley systems and lighting systems and all that sort of thing. I am not acquainted with the conditions upon which the work is being done and do not know whether the title to that property is vested in the Government or not. I would be very happy to find out, however.

The CHAIRMAN. I wish you would ascertain what you can touching the entire project or projects and place a statement in the record.

Admiral PEOPLES. There is a report of the joint board which sets out in detail the exact nature and the reasons why, and I shall be very glad to put that report in the record.

The report of the Harbor Facilities Commission regarding the development of waterways, roads, etc., in the Hampton Roads district can be secured only from the War Department. This report is voluminous, and a copy will be sent the committee as soon as completed.

The total amount estimated for projects is \$8,750,000, divided as follows:

Facilities in which Navy is interested.

Harwood Mill:	
Army.....	\$390,000
Navy.....	710,000
	<hr/>
	1,100,000
Obligated to date.....	400,000
Big Bethel:	
Army.....	300,000
Navy.....	300,000
	<hr/>
	600,000
Obligated to date.....	620,450
Pump station No. 2:	
Army.....	100,000
Navy.....	50,000
	<hr/>
	150,000
Ports Water development:	
Navy.....	1,800,000
Obligated to date.....	565,000
Army, \$790,000; Navy, \$2,800,000.....	3,650,000
Shipping Board.....	\$210,000
Undivided balance.....	140,000
	<hr/>
	350,000
	<hr/>
	4,000,000

Facilities in which Navy is not interested.

Power transmission lines.....	\$665,000
Additional boilers, Richmond and Norfolk.....	250,000
Roads.....	1,710,000
Gas at Newport News.....	125,000
Street railway equipment, Newport News.....	450,000
Street railway equipment, Norfolk and Portsmouth.....	650,000
Ferries, etc.....	900,000
	<hr/>
	4,750,000
	<hr/>
	4,000,000
	<hr/>
Grand total.....	8,750,000
Practically all obligated.	

The revenue which will probably be derived from private sources will be approximately \$40,000 per annum.

Seventy-five per cent of the facilities embraced in the item of \$4,000,000 referred to above are ultimately to be paid for by the water companies interested. Briefly stated, this repayment to the Government is to be accomplished by a stipulated reduction of bills rendered to the Government for water used by the various Government plants in this vicinity—this reduction to continue until the indebtedness has been liquidated. Should the Government at any time discontinue the use of water to such an extent that this liquidation can not be accomplished at the rate specified, the contract provides that the company shall pay to the Government a sum which will bring in a revenue of \$140,000 per annum.

BUREAU OF NAVIGATION.

The CHAIRMAN. Navigation has had \$5,101,000; \$2,978,784.39 seems to have been expended, with unpaid obligations of \$466,135.28 and \$1,656,008.33 unobligated. The statement does not seem to indicate that any of this can be covered into the Treasury.

Capt. LANING. Of the amount that is unobligated there are several items that have not yet been taken up by Supplies and Accounts.

The largest of these is the sum of various items allotted to Admiral Sims for stations abroad; that totals \$388,750. No returns have come in from that fund yet, but Admiral Sims has undoubtedly spent all that money and we can not take it up until we get his returns. Another allotment, of \$175,000, was made for the training station at San Francisco. Up to November 1 they had not made any expenditures from that, but they count on that amount to run them until the end of this fiscal year, having no other funds. An allotment had been made to Great Lakes, of which \$183,493.13 had not been expended and had not been reported as obligated to Supplies and Accounts.

We made an allotment of \$18,000 to the Bay Ridge Barracks at New York. That is a receiving station. They are running on that now but no expenditures have yet been reported from it. Two items for Newport, one for water-service connections being put in by Yards and Docks, amounting to \$1,280, and a second for a roof on the commissary building amounting to \$4,500. A transfer of these funds from our appropriation to Yards and Docks for doing the work has not yet been effected. We have allotted to the receiving ship at Boston \$50,000, from which we have had no returns yet, but the receiving ship is undoubtedly operating on that money now. The training station at Newport has remaining of the allotment that was made to them, \$5,480.19, and they have been running on that since November 1. We have not had any report about that, how much they have spent under it. We made an allotment to the New Orleans naval station for tents, floors, etc., and \$2,761.33 has not been paid out on that. We have been unable to get any information from them but we assume that they have entered on the contract and that deliveries have either been completed or are about to be. I think they have been completed. We made an allotment to Newport of \$14,878 for a refrigerating plant.

That work is in process but the payment has not been made. That makes a total of \$844,142.65 that has been allotted and partially expended, but which does not appear on S. and A. accounts, and is necessary for maintenance, leaving a working balance in this fund to run to the end of the year of \$811,937.68. This appropriation covers the handling of personnel and the cost of it will not cease for some time. I have estimated that the remainder will help tide us over to the end of the year by being distributed among the various stations that we still have to maintain. I have estimated an allotment to Great Lakes of \$225,000; Hampton Roads, \$125,000; Admiral Sims, for stations abroad, \$200,000; Newport, \$100,000; Ellis Island, \$10,000; additional for the Bay Ridge Barracks at New York, \$50,000; the Commonwealth Pier at Boston, \$25,000, and that leaves for miscellaneous and unforeseen calls on us, \$76,937.68, which takes the remainder of the unobligated balance.

The CHAIRMAN. You have a lot of other appropriations that you are using for these same purposes, have you not?

Capt. LANING. All the regular appropriations for these allotments have been expended and the maintenance of the stations has been largely going on from this emergency fund for the past several months.

The CHAIRMAN. I got the impression in your hearing some time ago, in connection with a number of direct appropriations, that you were figuring on considerable expenditures during the balance of the year to be made out of those funds.

Capt. LANING. I think you will find they said they needed much more than what we can give them from this fund. They, of course, were counting on the allotments that had been made to them.

The CHAIRMAN. If I understand you, these amounts which you have indicated as proposed allotments for these various stations are predicated upon being needed only in the event that the statement as to the requirements in connection with the examination as to appropriations made regularly under the head of navigation should not be allowed in whole or in part?

Capt. LANING. Not the regular appropriation. There are three items, however, that may be covered by deficiency appropriation.

The CHAIRMAN. I understand, but in connection with the regular appropriations that have been had for navigation we had testimony some time ago as to proposed deficiencies. These allotments which you are figuring on here out of this fund would only be necessary in the event those estimates for deficiencies to the appropriations made regularly for Navigation should not be allowed?

Capt. LANING. Three of them; yes; the rest of them, no. As to the stations abroad, we have no way of paying for those except out of the emergency fund.

The CHAIRMAN. Is there any reason in the world why you should continue those stations now?

Capt. LANING. We are still demobilizing over there and must have some money to run on until the end of the year. The stations are still being maintained. I do not know what it will cost to keep that up until we get the men back, I can only estimate it at \$200,000.

The CHAIRMAN. Why should you have stations as an incident to demobilizing?

Capt. LANING. To have a place to gather in the men and hold them until we get transportation home; a place where they can live while gathering material together and getting it on the ships. At the same time we keep the stations so that men will be available instantly for any of the ships that come in and need men. We have cargo ships and many transports operating over there and men go to the hospital and have to be replaced. We have to have men there to replace them. We have to keep those stations there as long as we keep up this service.

The CHAIRMAN. How much money was there that you said you owed to Yards and Docks?

Capt. LANING. Two items aggregating \$5,780.

The CHAIRMAN. That is all you owe them?

Capt. LANING. Yes, sir.

The CHAIRMAN. Do you agree to that?

Admiral PARKS. I will take his word for it now.

Capt. LANING. That is out of this fund. We owe them some money out of other funds, but out of this fund that is all.

The CHAIRMAN. Are we getting a double estimate on this?

Admiral PARKS. You are not. The first estimate submitted did have something of that kind. We had some that properly belonged

to Engineering and some that properly belonged to Navigation, but I have eliminated those things in getting at the revised statement.

The CHAIRMAN. You apparently have figured methods for using up one way or another all of this unexpended balance?

Capt. LANING. The only thing that we are looking to is trying to get enough to run those particular projects to the end of the year, and when I saw it here naturally I wanted to get my hand on it. If we get the deficiency at the Great Lakes, we will not need that.

The CHAIRMAN. And if you get this, you will not need the deficiency?

Capt. LANING. No, sir. The Great Lakes deficiency is one million six hundred and some odd thousand dollars.

BUREAU OF YARDS AND DOCKS.

The CHAIRMAN. To Yards and Docks there was \$21,951,120.62 allotted out of this fund, \$14,687,950.56 reported to have been spent, \$6,310,033.26 of unpaid obligations, a free balance of \$953,136.80, and then a statement of a deficiency expected of \$146,352.58. Did you figure these items in your statement to me the other day?

Admiral PARKS. No; I gave you the statements that I had on that day, which are inaccurate on account of errors that I have just mentioned. The duplication of naval emergency fund expenses were under Steam Engineering allotments and under navigation allotments. I think those were the only two in which we duplicated.

The CHAIRMAN. You did, however, make a statement that embraced the other part of the emergency fund?

Admiral PARKS. My part of the emergency fund and the work that I have done for the other two bureaus under the emergency fund. I have now taken out the latter.

The CHAIRMAN. How much money do they owe you?

TRAINING STATION AT NEWPORT, R. I.

Admiral PARKS. I am not well prepared to give you those items from this sheet for the reason that when I took them out of the combination the figures were erased and corrected, but here is one item of Navigation—\$136,078.

The CHAIRMAN. For what?

Admiral PARKS. That was for the training station at Newport. The others are too indistinct; I can not make them out.

The CHAIRMAN. I hope they will not remain that way.

Admiral PARKS. I have eliminated them; they do not count.

The CHAIRMAN. Do they not count here?

Admiral PARKS. No, sir. They appear in the earlier statement, but this statement has been revised since that date.

The CHAIRMAN. What will you need the \$146,000 for?

NEW YORK BOAT STORAGE.

Admiral PARKS. The \$146,000 was added to the \$953,136 and covered New York boat storage, \$125,000; work on the Philadelphia storehouse, \$187,000; Cavite fuel oil storage, \$58,000; section bases,

\$90,083.67; sprinklers at the several navy yards, \$378,058.99; barracks at the submarine base, New London, \$225,000; and bonuses. \$117,346.72. Of those, the boat storage at New York has not been started.

The CHAIRMAN. Does that mean that it need not be?

Admiral PARKS. It is considered necessary, but it has not been started.

The CHAIRMAN. Why is it considered necessary?

Admiral PARKS. For the handling of boats in connection with the supply base at South Brooklyn.

Admiral PEOPLES. All of the boat storage now in New York is rented property.

The CHAIRMAN. And is going to be rented up to July?

Admiral PEOPLES. Yes, sir.

The CHAIRMAN. Why is not this a matter to be estimated for in connection with next year?

Admiral PEOPLES. It was authorized some months ago.

The CHAIRMAN. It was authorized along with other things that went \$100,000,000 beyond the appropriation?

Admiral PEOPLES. That is true; but the rentals continue if the New York storage is not completed.

The CHAIRMAN. I do not know whether it ought to be built or not. Nobody has ever passed upon it, except the Navy Department.

Admiral PEOPLES. There are something like 800 boats which must be stored in New York Harbor, Mr. Chairman, boats required in connection with the fleet.

The CHAIRMAN. You are going to get rid of a lot of boats?

Admiral PEOPLES. These are small boats, steam launches, and so forth, required for the vessels of the fleet. We are building quite a number of them at the different yards and stations. The same will apply to the boat storage at Boston, and also at Philadelphia and at Norfolk.

The CHAIRMAN. What have you done in the past?

Admiral PEOPLES. The increase in the demands on the New Navy Yard has rendered necessary the transferring of the storage propositions connected with the fleet outside of the yard in order that full advantage can be taken of the space in the yard for the repair of ships. That rendered the building of a supply base in South Brooklyn essential. No provision, however, has been made for boat storage. Most of them have to be taken out of the navy yard and stored outside.

The CHAIRMAN. How much does this involve?

Admiral PARKS. \$125,000.

The CHAIRMAN. What will it give you?

Admiral PARKS. Capacity for the storage of 800 boats.

The CHAIRMAN. Do you need storage for 800 of these small boats at New York?

Admiral PEOPLES. Yes, sir.

PHILADELPHIA STOREHOUSE.

Admiral PARKS. At Philadelphia, \$187,000 is the balance of the allotment made for the storehouse from this fund, and this work is being done on a lump sum contract now for the items that were known, but some items had unit prices and until the actual

quantity of those items has been ascertained it is not certain just how much will be required to cover their cost, but it will be something less than \$187,000, and I believe very materially less. I should not be at all surprised if \$25,000 would cover it, but as these points have not been ascertained I do not feel like making a definite statement as to returning any of the balance. Within the next two months we expect to return a considerable amount of it.

CAVITE FUEL OIL STORAGE.

The Cavite fuel oil storage, \$58,000 is due to the plan of the department to use some of the oil-burning destroyers in the Philippines and that amount is necessary in addition to that already paid for the manufacture of the fuel oil tanks, tanks that were intended for Brest, to send them and fit them up with the pumping facilities, and so forth, necessary for use at Cavite. That is considered a very important project. The tanks are built and were ready to ship to France about two weeks ago and the destination has been shifted.

The CHAIRMAN. Is that the explanation of why you started in on Cavite; because you had the tanks?

Admiral PARKS. No, but it is, I believe, considered very desirable to maintain a number of destroyers on that station and in the Pacific oil is the best available fuel at the present time. Our work down in the Philippines up to this time has been confined wholly to coal. So if it is necessary to maintain the oil-burning vessels there it is worth while to make small provision for them.

SECTION BASES.

The item of \$9,083.67 for section bases is one that I can not give definite use for. It is less than 1 per cent of the obligation incurred for that purpose and may or may not be needed for some detail of the work before we have completed the bases, but as section bases generally are being demobilized at this time there is a good prospect of not expending any of it.

SPRINKLERS AT NAVY YARDS.

The sprinklers were contracted for storehouses and woodworking shops and other buildings in navy yards that were considered poor fire risks without the sprinklers. A large amount of installation has been provided under the emergency fund. One reason for the necessity of the sprinklers is the congestion in the navy yards. For instance, at Philadelphia, where a large amount of material was being assembled for shipment abroad the yard was decidedly crowded with that sort of thing and also with the construction material for the new work that was going on. Many of these structures in the yard are temporary, light wooden roofs, with ready roofing applied, a bad fire risk. \$378,000 is required for that work plus the \$58.99.

BARRACKS AT SUBMARINE BASE, NEW LONDON, CONN.

The barracks for 800 men at the submarine base, New London, authorized shortly before the armistice, on the 30th of October, 1918, but since the armistice no progress has been made toward

providing these barracks and the bureau has not been informed by the department as to whether the item will be eliminated or the construction of the barracks considered essential.

The CHAIRMAN. That involves how much?

Admiral PARKS. \$225,000.

Capt. LANING. I do not think there is any question about those barracks being essential. There is no place there for the crews of the submarines to live. We use that as a training station for men going to the submarines. We will have to have those barracks. We expect to operate the same number of submarines even after the war is over that we expected to operate before.

The CHAIRMAN. Why?

Capt. LANING. They have gotten the new submarines and we have to train them for war and get them ready. There is no use laying them at the dock and not having them ready when the war comes. We are less skillful in submarine warfare than some other countries.

The CHAIRMAN. I hope so in some particulars.

Capt. LANING. I think a submarine as a weapon against combatant ships is here to stay; I do not think anybody questions that. To use them against merchant ships we probably never will, but as a part of the combatant Navy they are undoubtedly an essential weapon.

DRY DOCKS AT NORFOLK, VA., AND PHILADELPHIA, PA.

Admiral PARKS. The other item, \$117,346.72 is an indefinite item, depending upon when the dry dock at the Norfolk yard and the dry dock at the Philadelphia yard are completed. I am not expecting any bonus to be earned on the Philadelphia dry dock, but some will be earned on the Norfolk dock, and if the dock is obtained by the middle of February the bonus will amount to \$117,000. If it is completed by the middle of January it will be \$153,000, but I am not optimistic enough to believe that the dock will be completed next week. If it happens that the dock is not completed by the middle of February, the amount of the bonus will be somewhat less; that is, it is based upon \$250 a day for the first 30 days saved; \$500 a day for the second 30 days; \$750 a day for the third 30 days; and \$1,000 a day after that. I believe the \$117,000 was a maximum of what would be required.

The CHAIRMAN. Does that complete your list?

Admiral PARKS. It does.

The CHAIRMAN. Manifestly, you are not going to expend all of this money, and you do not need to figure on any deficiency in your item?

Admiral PARKS. No; no deficiency is necessary.

CERTIFICATES OF SETTLEMENTS.

The CHAIRMAN. Now, there was \$69,199,245.30 that was not allotted to any bureau, out of which \$112,767.03 seems to have been expended.

Admiral PEOPLES. Mr. Chairman, that is due to a series of certificates of settlement that have been made by the auditor in certain disbursing officers' accounts, and we do not know yet as to which of the various projects those payments should be made. That is the reason for putting that item there.

The CHAIRMAN. You are just figuring that \$69,000,000 in as a credit in the reduction of your over obligation which you have made in the various appropriations?

Admiral PEOPLES. Yes, sir.

GENERAL STATEMENT.

The CHAIRMAN. Now, to sum up this sheet, as I understand the situation, assuming Admiral Taylor is to get for new construction out of the new Navy bill \$36,000,000 to apply on construction that has figured in this financial sheet, you would have, even at the face of your statement, a surplus of three million odd dollars left in this fund?

Admiral TAYLOR. That is correct, Mr. Chairman, and that \$36,000,000 was figured some little time ago and has since been reduced to \$33,000,000; that is how the discrepancy of \$3,000,000 came in.

The CHAIRMAN. What are you going to ask in the next Navy bill, \$33,000,000 or \$36,000,000?

Admiral TAYLOR. The amount asked in the Navy bill is \$61,000,000 and something.

The CHAIRMAN. But how much of it related to this new construction?

Admiral TAYLOR. In that figure there was \$36,000,000——

The CHAIRMAN. Have you notified them to reduce that amount by \$3,000,000?

Admiral TAYLOR. Not yet. This has just been figured out in the last 48 hours.

The CHAIRMAN. Do you propose doing it?

Admiral PEOPLES. It is a question, Mr. Chairman, I think, for the Secretary to decide.

UNEXPECTED SETTLEMENTS ABROAD.

There is one item, that remaining \$25,000,000, which was to cover unexpected settlements abroad. It is a pure estimate and can not be anything else but that, and there was really nothing but a guess upon which to go.

WEDNESDAY, JANUARY 15, 1919.

NAVY DEPARTMENT.

STATEMENTS OF REAR-ADMIRAL RALPH EARLE, CHIEF, BUREAU OF ORDNANCE, REAR-ADMIRAL C. J. PEOPLES, ASSISTANT TO THE PAYMASTER GENERAL; MR. CLYDE REED, SPECIAL ASSISTANT, BUREAU SUPPLIES AND ACCOUNTS; MR. F. S. CURTIS, CHIEF CLERK, NAVY DEPARTMENT, AND MR. J. C. PUGH, ESTIMATE CLERK, NAVY DEPARTMENT.

NAVAL OBSERVATORY.

CONTINGENT AND MISCELLANEOUS EXPENSES.

The CHAIRMAN. We have an estimate of \$1,500 for contingent and miscellaneous expenses, Naval Observatory.

Mr. CURTIS. That deficiency estimate is on account of advanced prices. Since the beginning of the fiscal year 1918, the prices of anthracite coal has increased 90 cents on the ton, and the price of bituminous coal from 67 cents to \$1.12 on the ton, making the cost estimated for coal needed for the present year \$2,110 in excess of the cost estimated for the fiscal year 1918. Then, since the beginning of the fiscal year 1918, the price of timothy hay has increased \$0.445 on the hundredweight, and the price of rye straw \$0.18 on the hundredweight, which brings the estimated cost of forage for the present fiscal year to \$300 in excess of the cost estimated for the fiscal year 1918.

The CHAIRMAN. What did you spend last year, all told?

Mr. CURTIS. So far this year we have expended \$2,634.25 and obligated \$8,985.77, making a deficit of \$1,620.02.

The CHAIRMAN. What did you spend last year?

Mr. CURTIS. I have not a statement of last year's expenditures: they were overobligated.

The CHAIRMAN. You are asking now \$1,500.

Mr. CURTIS. The superintendent proposes to try and make that sum suffice. He is overobligated \$1,620.02.

BUREAU OF ORDNANCE.

SALARIES.

The CHAIRMAN. The next item is for salaries, Bureau of Ordnance, as follows:

The limitation specified in the Legislative, Executive, and Judicial Appropriation Act for the fiscal year 1919 on expenditures for clerks, draftsmen, and other technical services from the appropriation "Ordnance and Ordnance Stores," is increased by the sum of \$29,000.

Admiral EARLE. This is to provide for a deficiency in salaries for the remainder of this fiscal year for the clerical and technical forces of the bureau paid from this appropriation.

The CHAIRMAN. What have you had for salaries?

Admiral EARLE. You appropriated \$94,783.76; we had expended from July 1 to October 31 \$30,745.68, leaving a balance of \$64,038.08, but the required amount for the remainder of the fiscal year was \$854.65, leaving an actual deficiency of \$28,816.57.

The CHAIRMAN. Why should you require so much more for the balance of the year than you required for the first four months of it?

Admiral EARLE. When we first made up this estimate we were not in a position to anticipate our actual needs.

The CHAIRMAN. That does not answer my inquiry. Why should you estimate to spend so much more in the last eight months than you expended in the first four months?

Admiral EARLE. This is simply for caring for positions authorized in the Bureau of Ordnance prior to the signing of the armistice.

The CHAIRMAN. That is simply stating that the mathematics of the salaries bring your pay roll up to a certain point, but it does not answer the question of why it should be necessary that you should run so very much heavier the next eight months than you have the past four months.

Admiral EARLE. Those are the actual salaries of the positions at present authorized, and I do not feel that any appreciable reduction can be made before the 1st of July, next, at the earliest.

The CHAIRMAN. What was your pay roll for the first four months?

Admiral EARLE. The pay roll for the first four months was \$30,745.68.

The CHAIRMAN. That is of what date?

Admiral EARLE. From July 1 to October 21.

The CHAIRMAN. That would make a little over \$7,700 per month?

Admiral EARLE. Yes, sir; about that.

The CHAIRMAN. And for 12 months it would be about \$92,000.

Admiral EARLE. Yes, sir.

The CHAIRMAN. How much have you had appropriated?

Admiral EARLE. We have had appropriated \$94,783.76.

The CHAIRMAN. Then, why should you need a deficiency?

Admiral EARLE. Simply because we have filled and propose to fill some necessary positions, the need for which was not apparent when the original estimate was submitted.

The CHAIRMAN. When will you stop this expansion?

Admiral EARLE. We have stopped it.

The CHAIRMAN. No, you have not stopped it. You are running heavier than you ran during the first four months of the fiscal year.

Admiral EARLE. We simply got the force necessary to run the bureau here, which has not been increased since the signing of the armistice.

The CHAIRMAN. That depends on how you run the bureau. What is your present pay roll?

Admiral EARLE. \$125,928.32.

The CHAIRMAN. What is your monthly pay roll?

Admiral EARLE. I have not the figures for the last month.

The CHAIRMAN. Is that the pay roll per annum of the present employees?

Admiral EARLE. Yes, sir. The monthly pay roll is the sum of \$125,928.32 divided by 12, or \$10,494.03.

The CHAIRMAN. How much have you spent?

Admiral EARLE. We had actually spent up to October 31 \$30,745.68.

The CHAIRMAN. How much have you had?

Admiral EARLE. \$94,783.76.

The CHAIRMAN. That would make your deficiency a little short of \$20,000, and you are asking for \$29,000.

Admiral EARLE. It is \$28,000 taking in some vacant positions. That difference is accounted for by the vacant draftsmen positions that we had hoped to be able to fill during the remainder of the year.

The CHAIRMAN. That would make it worse.

Admiral EARLE. That makes \$10,000 allowed for them. If we fill them, there will be an actual deficiency up to the \$28,000. The real deficiency, if no change is made in the pay roll at all, or in the present pay roll, would be close to \$20,000.

The CHAIRMAN. You expect to reduce that force, do you not?

Admiral EARLE. Not in draftsmen. If we get additional draftsmen we will have to get them.

The CHAIRMAN. Do you expect to reduce your force as a whole?

Admiral EARLE. The reduction is coming more in the reserves than it is in the civil-service employees. That is coming. For instance, I think the reduction was 32.6 per cent in the last three months, but that was practically all out of the reserve force, and the net reduction of the bureau's force, as I remember it, was slightly under 25 per cent.

The CHAIRMAN. Will you continue to reduce it?

Admiral EARLE. We hope to do so.

The CHAIRMAN. How do you explain the fact that your average monthly expenditure for four months was less than \$8,000, while your pay roll now figures \$10,490?

Admiral EARLE. You are using expenditure figures. As a matter of fact, for the first four months, including unfilled positions and savings by reason of absence without pay, the monthly obligation was approximately the same as for the remainder of the current fiscal year.

The CHAIRMAN. There has been an actual increase in your other force, according to these estimates.

Admiral EARLE. In proposed expenditures, yes; in obligations, no. I mean by that that I propose to fill some vacancies which will increase the expenditures. I am trying to get some more draftsmen for the turret mounts right at the present time, because the 16-inch gun ships are coming along and it is absolutely necessary to get somebody to do the drawing if the turrets are not going to be a failure.

The CHAIRMAN. It all depends on how fast the Navy increases.

Admiral EARLE. These are for ships actually started.

The CHAIRMAN. That explains only a particular piece of work, but it does not explain the bureau's work. Speaking by and large, one of two things is true: Either you are increasing your force——

Admiral EARLE (interposing). No, sir; of course what I am trying to get, naturally, is a larger force of technical assistants in the bureau, so that we will not repeat or make mistakes in the future. The better men you have and the more men you have to give study to things, the better you come out in your final designs. The draftsmen force is an expensive force; there is no question about that.

The CHAIRMAN. You have no assurance that you will fill it?

Admiral EARLE. No, sir; we have no assurance that we will fill it. I would like to have it, but I have nobody in sight at the present moment.

LIBRARY, NAVY DEPARTMENT.

The CHAIRMAN. You ask \$1,000 for the library of the Navy Department.

Mr. CURTIS. The appropriation for the library was \$2,000. It was all obligated or spent the 1st of last October, and there are a great many demands for additional books of a technical nature that we have been unable to fill.

The CHAIRMAN. And there always will be, will there not?

Mr. CURTIS. It would be unusual if they did not exceed the appropriation; but \$2,000 is a very small amount for the library for the Navy Department at the present time.

The CHAIRMAN. It depends on what sort of a library you have.

Mr. CURTIS. There are a great many scientific publications that all of the bureaus are constantly demanding.

CONTINGENT EXPENSES, NAVY DEPARTMENT.

The CHAIRMAN. The next item is for contingent expenses, Navy Department, \$150,000.

Mr. CURTIS. In the act of July 3, 1918, the regular appropriation for this purpose was \$270,000 and the act of November 4, 1918, gave us the additional amount of \$300,000, making altogether \$570,000.

The CHAIRMAN. \$572,000, was it not?

Mr. CURTIS. I am ignoring the \$2,000 for the library. That is the library part of it. The actual obligations to December 31, 1918, were \$554,521.82, leaving an unobligated balance of \$15,478.18, and we estimate that the additional sum required as \$150,000. The appropriation of \$300,000 carried in the act of November 4, 1918, was provided in pursuance of an estimate of \$500,000 submitted on September 6, 1918, at which time the original appropriation was \$41,170.91 overobligated and the expenditures were running at the rate of \$155,000 per month. The appropriation was \$200,000 less than our estimate.

The CHAIRMAN. And now you want to take it back.

Mr. CURTIS. Now, immediately following the passage by the House of the deficiency bill approved November 4, the Secretary of the Navy, under date of October 22, 1918, addressed the following circular letter to the chiefs of bureaus and offices:

1. On August 31, 1918, the appropriation "Contingent Expenses, Navy Department, 1919," was \$41,170.91 overobligated. For the months of July and August, the monthly rate of expenditure was over \$155,000. Pursuantly, a deficiency estimate of \$500,000 was submitted, but the deficiency bill as recently passed by the House carries but \$300,000, leaving roundly \$260,000 available for obligation from September 1.

2. While it is reasonably certain that the amount named will be entirely inadequate, it is the purpose of this office to make it go as far as possible without interfering with the smooth and proper conduct of the work of the several bureaus and offices, and with this end in view all requisitions, both open market and contract, will be sent direct to the Chief Clerk of the Navy Department, Room No. 2501, who will eliminate any items therefrom which in his opinion are not really necessary in the transaction of official business.

3. Bureaus and offices are requested to cooperate in this policy and not to requisition for articles merely because some officer or employee has requested them. Some responsible bureau official should satisfy himself that each item embraced on a requisition is essential before sending the requisition to the chief clerk of the department and where the need for an item is not self-evident explanation must be submitted with the requisition.

Upon the signing of the armistice steps were promptly taken to cancel all outstanding orders the fulfillment of which became unnecessary because of the termination of hostilities. The cancellations reported totaled approximately \$25,000. We are continuing to economize in every practicable way, but there has not been any appreciable diminution in the work thus far. Every day we cut out items that could be used to advantage. We have stopped, of course, the buying of all furniture or office equipment, nonconsumable drafting supplies, etc. There is, of course, a large amount of stationery and office supplies that we can not get away from, because we must keep going.

The CHAIRMAN. You ought to have a surplus in all of your bureaus and offices, and this should be supplied from the stocks they have on hand. If you are making any reduction in the Navy that should be done, but if the Navy is going ahead and expanding——

Mr. CURTIS (interposing). We are watching that stock very closely. We sent around immediately upon the cessation of hostilities to all of the bureaus and found out how much stock they had. We found one place where there was considerable stock on hand and its utilization elsewhere will save us quite a little. In other words, when a requisition comes in we go through the stock room records to see if we can supply it from stock instead of buying it.

The monthly rate of expenditure in normal times for a force of 773 employees was \$4,750. If our force for the period from January 1 to June 30, 1919, averages 4,000, at the prewar rate of expenditure we would require in round figures \$147,000 for the remainder of the year.

The CHAIRMAN. You say that in peace times your monthly rate of expenditure was \$4,750, when you had 773 employees?

Mr. CURTIS. Yes, sir.

The CHAIRMAN. That is about \$7 per employee?

Mr. CURTIS. Yes, sir. The total force of the Navy Department proper increased from April 1, 1917, from about 1,000 up to about 7,575 on November 11, 1918.

The CHAIRMAN. Seven dollars per man is a pretty heavy allowance.

Mr. CURTIS. Of course we are going down. On December 10 it had dropped from 7,753 to 7,205, and we expect to keep hammering at them for further reductions. We get complaints from the bureaus that we are cutting out things they ought to have.

The CHAIRMAN. The difference between what they ought to have and what they think they ought to have is very great.

Mr. CURTIS. I want you to feel that we are trying to cut it down.

PRINTING AND BINDING.

The CHAIRMAN. For printing and binding you are asking \$150,000.

Mr. CURTIS. In the sundry civil act we had \$300,000 and there was appropriated November 4, \$100,000, a total of \$400,000. The Public Printer's statement of the condition of the allotment for printing and binding for the Navy Department on December 31 shows that the bills rendered amount to \$297,089.50; the estimates on uncompleted and unfilled work amount to \$92,450.57, a total of \$389,540.07, leaving an available balance of \$10,455.93 for the remaining six months.

of the fiscal year. On the assumption that there will be no extra session of Congress, it is very necessary that Congress grant a deficiency appropriation of \$150,000, and we will try to get through with that.

The CHAIRMAN. Have you any idea what you have on hand?

Mr. CURTIS. \$10,450.

The CHAIRMAN. That is the money. What have you on hand in printing?

Mr. CURTIS. We have a lot of forms printed, an immense number of forms, but the schedules keep coming in and we can not get away from them.

The CHAIRMAN. Yes; you can. That is just what I want you to do, quit making new forms and take a view of your stock, see where you are, and how much you need.

Mr. CURTIS. Immediately upon the signing of the armistice directions were given by the Secretary of the Navy to the various bureaus and offices of the Navy Department to notify the Secretary at once as to any cancellations or reductions in number of copies that could be made in connection with printing requisitions then in the hands of the printer. As a result of this circular letter over 60 jobs were either canceled or materially reduced, effecting a saving in number of copies to be printed of nearly 9,000,000. We keep Mr. Tibbets, our man who handles the printing, whom we got from the Government Printing Office on account of his experience and training, after the bureaus along that line all the time.

The CHAIRMAN. All he is valuable for is to tell you what the printing will cost. He is not responsible for the printing you do?

Mr. CURTIS. No.

The CHAIRMAN. The reform has to come through the requisition.

Mr. CURTIS. I know. We are trying to cut the number down. The day the armistice was signed a circular letter was sent out calling the attention of every bureau and office to it and asking them to cut down the requisitions that they had already submitted.

Admiral PEOPLES. There is one item which is a constant charge against the printing fund. That is the printing of the purchase schedules through the Bureau of Supplies and Accounts. They, of course, come out weekly. That is a regular proposition. The reduction has been very great. The purchases in November were \$57,000,000, and they fell to \$14,000,000 in December, but the printing of the schedules sent out to bidders all over the country must continue. Of course, the purchases of supplies still to be made soon will be materially reduced, but the amount of printing, in so far as the schedules are concerned, will continue right along.

The CHAIRMAN. What did you expend for printing last year?

Mr. CURTIS. I have not that statement. Did we have a deficiency last year, Mr. Pugh?

Mr. PUGH. I believe we did.

Mr. CURTIS. I will put in the record the actual expenditure and the amount of the deficiency.

The CHAIRMAN. Put it in for the last three or four years.

Mr. CURTIS. Yes, sir.

Printing and binding.

	Navy Department.	Allotment to Hydrographic Office.	Special printing.
Fiscal year 1916:			
Sundry civil act.....	\$120,000.00	\$25,000.00	
Expended.....	119,997.95	23,245.07	
Unexpended.....	2.05	1,754.93	
Fiscal year 1917:			
Sundry civil act.....	120,000.00	25,000.00	\$12,000.00
Deficiency act Apr. 17, 1917.....	30,000.00		
Deficiency act June 15, 1917.....	85,000.00	15,000.00	
Total.....	235,000.00	40,000.00	12,000.00
Expended.....	176,364.35	26,405.85	
Unexpended.....	58,635.65	13,594.15	12,000.00
Fiscal year 1918:			
Unexpended balance from 1917.....	58,635.65	13,594.15	
Sundry civil act.....	135,000.00	25,000.00	
Sundry civil act, special printing.....	12,000.00		
Deficiency act, Mar. 28, 1918.....	50,000.00	25,000.00	
Deficiency act, June 4, 1918.....	100,000.00		
Total.....	355,635.65	63,594.15	
Expended.....	355,635.29	50,542.41	
Unexpended.....	.36	13,051.74	
Fiscal year 1919:			
Sundry civil act.....	250,000.00	50,000.00	
Deficiency act, Nov. 4, 1918.....	100,000.00		
Total.....	350,000.00	50,000.00	
Total of bills rendered and estimates on unbilled work Dec. 31, 1918.....	364,583.79	24,960.28	
Balance available (deficiency).....	14,583.79	25,039.72	

¹ Reappropriated and made available for 1918 by sundry civil act 1918.

Admiral PEOPLES. The purchase schedules have been very heavy. In addition to that, a great number have been mimeographed.

The CHAIRMAN. Do you save any money by mimeographing?

Admiral PEOPLES. It saves time. You get out a schedule in 12 hours which would ordinarily take five or six days to get through the Printing Office. The volume was simply enormous. In one month, in October, we used about 5 tons of mimeograph paper to issue these proposals to bidders. There are something like 16,000 firms on the mailing list. They are alphabetically arranged and classified, and while we do not send a schedule to all of them, the number of firms asking for the schedule will run very high, several thousand for each schedule. That is a constant charge that will continue. I think that is the bulk of the printing item that the Chief Clerk was speaking about. I do not happen to have the figures at hand.

BUREAU OF STEAM ENGINEERING.

REPAIRS, PRESERVATION, AND RENEWAL OF MACHINERY, ETC.

The CHAIRMAN. The next item is:

For repairs, preservation, and renewal of machinery, etc., including the same objects specified under this head in the naval appropriation act for the fiscal year 1916, \$30,882.14.

Mr. PUGH. Ten thousand four hundred and thirty dollars and fifty-one cents of that represents suspensions made by the auditor for lack of funds. He has passed the accounts, but there is not enough money in the Treasury to make settlement. The remaining \$20,451.63 is on account of two contracts made in 1916, bills for which were not presented until the appropriation had lapsed.

The CHAIRMAN. That is a deficiency of the last fiscal year?

Mr. PUGH. Of the fiscal year 1916. They had the money, as I understand it, in the appropriation at the time the contracts were made, but the appropriation has lapsed. It lapsed June 30, 1918. The bills came in after that date, and so they are unable to pay them. That makes the total of \$30,882.14.

The CHAIRMAN. They are both actual deficiencies?

Mr. PUGH. Yes, sir.

The CHAIRMAN. And the other one is a deficiency for 1916?

Mr. PUGH. Both amounts. The \$10,430 is a suspension made by the Auditor under the 1916 appropriation, and the remaining amount of \$20,000 and odd is to cover contracts made in the fiscal year 1916.

RENT.

The CHAIRMAN. I understand that you have a deficiency growing in connection with rent. How much money have you had for rent?

Mr. PUGH. \$30,000 since the 1st of July.

The CHAIRMAN. How much have you spent?

Mr. PUGH. \$32,570.84.

The CHAIRMAN. Where did you get the \$2,500?

Mr. PUGH. That is bills unpaid and items pending in the auditor's office. The items in the auditor's office are on account of a building rented by the Interior Department because of our occupancy of space in their building. The Secretary of the Interior asked us if we would bear that rent so long as we remained in his building, and the Secretary of the Navy agreed to do it. Those items are not payable direct, but by transfer of appropriation in the auditor's office. The \$2,570 is made up of unpaid bills, and those items pending before the auditor.

The CHAIRMAN. What is the amount of the charge of the Interior Department?

Mr. PUGH. \$650 a month.

The CHAIRMAN. How much is the total? You are no longer occupying space in the Interior Department?

Mr. PUGH. No, sir. The total is \$2,275; that is, up to October 15. The last payment was for the half month ending October 15—\$325 for a half month's rent.

The CHAIRMAN. You have not been paying your bill for the Navy annex?

Mr. PUGH. Not since the October rent.

The CHAIRMAN. How much do you owe there?

Mr. PUGH. \$20,000 for the remaining eight months.

The CHAIRMAN. That is, assuming that you stay there until July?

Mr. PUGH. Yes, sir; \$2,500 a month.

The CHAIRMAN. You owe rent from that date?

Mr. PUGH. From November 1.

The CHAIRMAN. So if you got out of the annex this month you would want the rent for October, November, December, and January, which would be \$10,000. and then the \$2,570?

Mr. PUGH. But \$2,570. We really will not require the rent for the Navy Annex for those four months, because the Marine Corps is occupying the larger portion of that building, and they can pay the rent out of an appropriation which is not limited. They can assume that unpaid rent, and have been instructed to do so, as a matter of fact.

The CHAIRMAN. Then none of that you are figuring on. All you want is \$2,570?

Mr. PUGH. Yes, sir.

BUREAU OF SUPPLIES AND ACCOUNTS.

MAINTENANCE, INCREASE IN LIMITATION.

The CHAIRMAN. You are asking that the limitation specified in the naval appropriation act for the fiscal year 1919 on expenditures for pay of clerical, inspection, storemen, store laborers, and messenger service from the appropriation "Maintenance, Bureau of Supplies and Accounts," be increased by the sum of \$500,000?

Admiral PEOPLES. Yes, sir.

The CHAIRMAN. What is the explanation?

Admiral PEOPLES. That appropriation covers the expenditures for the purposes named, in the supply, disbursing, and accounting departments of the navy yards and stations. It does not apply to the Navy Department in Washington. On July 1, 1918, we had the total number of 3,296 classified employees, consisting of clerks, storekeepers, store laborers, chemists, and the like, at a total cost of about \$4,000,000. At that time the force was augmented by 3,625 reserves, whose pay amounted to \$4,500,000, making a total of 7,921 in personnel, with a rate of expenditures of about \$8,000,000. The force was increased to keep pace with the work to 3,884 on December 1, with 5,284 reserves, or a total of 9,168 reserves, at a total expenditure of \$11,634,112. With the reduction in the number of reserves we have found it necessary to increase the number of classified employees. That total number will be reduced to about 4,700 for the next year, but from the best estimates we can make now it will take \$500,000 additional for the classified employees by reason of the reduction of the reserves and the increase in the number of classified employees to carry on the work of the supply, accounting, and disbursing departments of the navy yards and stations to June 30.

The CHAIRMAN. How much money have you available for this purpose?

Admiral PEOPLES. We had \$4,000,000 on the 1st of July.

The CHAIRMAN. How much have you expended?

Mr. REED. We have spent at the rate of a little over \$4,000,000 from the 1st of July to the 1st of November, or rather, about \$333,000 per month. The expenditure from now on will be heavier.

REDUCTION IN RESERVES.

The CHAIRMAN. Will you increase this force?

Mr. REED. The civil service force will be increased. They will make a very much larger reduction in the reserves. Great pressure is being brought to bear in connection with the demobilization to get the reserves out. While we expect to cut them down to about 4,700 from 9,168 by the 1st of next July, we will have to allow more than that difference in the number of reserves going and will have to take on more civil service people to take their places.

The CHAIRMAN. Why can you not reduce enough to get rid of your reservists and not have to take on any additional force?

Admiral PEOPLES. The reduction would be too great. We can not do that. There are 9,168 employed now, and of that number about 3,800 are civil-service people.

The CHAIRMAN. What do you expect to bring your civil-service roll up to?

Admiral PEOPLES. About 4,700. A great many of our original classified people, by reason of the draft, were taken away from us. There were no exemptions made in the Navy Department for classified employees, and the organization was literally shot to pieces. When we can get those experienced classified men back, one experienced man will be equivalent to at least three reserves. That has caused a considerable increase in the past.

The CHAIRMAN. How many reserves will you let go?

Admiral PEOPLES. We expect to let go about 5,200.

The CHAIRMAN. You are going to increase your clerical force by how many?

Mr. REED. By about 1,000.

The CHAIRMAN. Those reserves will actually go out of the service?

Mr. REED. They will either be relieved from active duty, or they will take some of them away to man the German ships that they are expecting to bring back the troops in. They will either be relieved from active duty or transferred to sea duty.

Mr. CANNON. As I understand it, this is for increases outside of Washington?

Admiral PEOPLES. Yes, sir; in the field, outside of Washington. This is in the navy yards and stations.

The CHAIRMAN. It is an increase in your clerical pay roll, but it is a decrease in the number of people on that work?

Admiral PEOPLES. Absolutely.

Mr. REED. And in the amount of the actual cost of the pay and allowances of the Naval Reserves. The pay and allowances of Naval Reserves run probably \$50 or \$60 per year higher than the amount we are paying to the average civil-service employee.

The CHAIRMAN. How many people did you have in the navy yards before the war?

Mr. REED. On July 1, 1917, we had 1,638, and I think the year before that we had about 1,200 Civil Service employees.

The CHAIRMAN. Now you are proposing to have over 4,000?

Admiral PEOPLES. Yes, sir.

The CHAIRMAN. What justification have you for that?

Admiral PEOPLES. The need for it is due to the increase in the size of the fleet and nothing else.

The CHAIRMAN. Will you have a navy twice as big as you had at the beginning of the war?

Admiral PEOPLES. In the number of ships, yes, sir.

The CHAIRMAN. In numbers of ships does not answer the question.

Admiral PEOPLES. Before the war there were 54,000 men in the Navy, and on July 1, next, we will have 225,000 men, or five times as many men as we had before the war.

Mr. REED. The activities of the supply department will not continue upon the same plane, or they will not continue to decrease over a period of several years, because a large amount of work will be thrown upon them in the handling, caring for, and properly disposing of the stocks of war supplies that have been accumulated, to see that they are properly used and that nothing is purchased that is on hand either at the yard that wants it or at some other yard. There is a field there, with a proper force employed, to save hundreds of thousands of dollars in the proper disposition of the material whereas if you economize to the extent of a few thousand dollars to save employees we may waste that money.

The CHAIRMAN. You do not mean to give the impression that the Navy is five times as strong as before the war?

Admiral PEOPLES. Not in fighting power.

The CHAIRMAN. It is not even twice as strong.

Admiral PEOPLES. The strength of the Navy in fighting power depends upon the tonnage of the vessels of the battle line, or battle ships and battle cruisers, and the Navy after the war is not twice as strong in gun power as it was before the war, but the vessels needed for the protection of the fleet will be increased—that is, vessels like chasers and destroyers will be increased.

The CHAIRMAN. Are you not getting an unbalanced Navy, then, if you are getting practically five times the number of men in the service and two or three times the cost without having increased your efficiency double what it was?

Admiral PEOPLES. No, sir; for this reason: The total number of vessels that will be in active commission and in reserve requires a certain number of men to keep those vessels in good condition, and to keep them from deteriorating, and to keep them on active cruising duty. The total number of men required to keep the fleet in such condition will aggregate about \$225,000.

The CHAIRMAN. But that is not the proposition. The proposition I submit to you is this: If the character of your vessels requires five times as many men and the fighting power of your fleet is increased less than 100 per cent, have you not got a badly balanced Navy now as compared with the Navy you had before the war?

Admiral PEOPLES. The fleet is a better protected fleet than it was before the war in that we have now a larger number of destroyers and will have a larger number of destroyers to protect those battle ships. Then we will have a larger number of submarines and there will be a larger number of submarine chasers. The fleet will be better protected.

The CHAIRMAN. It may be better protected, but as a fighting force it does not represent anything like the increase over the old fleet that your expansion does.

Admiral PEOPLES. The old fleet did not have the protection that it ought to have had. That is one of the lessons that the present war has taught. There was especially a shortage of destroyers.

Mr. CANNON. Does this increase in your force anticipate in any way the increase in the Navy that has been recommended by the Secretary?

Admiral PEOPLES. No, sir.

Mr. CANNON. Is this estimate, in whole or in part, to provide for manning merchant ships by the Navy in the naval service?

Mr. REED. The Navy will be reimbursed for any expense incurred in connection with the manning of ships in the merchant trade for the Shipping Board.

Mr. CANNON. This, then, has nothing to do with the employment of people in the military service, or, rather, the naval service, which means the same thing? In other words, you do not know what the policy will be? That is a matter to be determined by Congress, and you do not know whether the Secretary of the Navy will change his opinion, or whether his successor may change his policy? This, as I understand it from you, is merely to keep house.

Admiral PEOPLES. Yes, sir; between now and June 30, 1919; for the next six months.

Mr. CANNON. Are these reservists pretty good clerical people?

Admiral PEOPLES. Many of them have been very able people; yes, sir.

Mr. CANNON. They are in the military service?

Admiral PEOPLES. Yes, sir.

Mr. CANNON. And they want to get out?

Admiral PEOPLES. Many of them want to get out and many are going to be sent to sea. The number of reservists will be reduced to the minimum.

Mr. CANNON. And you are going to fill their places through the Civil Service?

Admiral PEOPLES. Yes, sir.

MONDAY, JANUARY 6, 1919.

DISTRICT OF COLUMBIA.

STATEMENTS OF MR. LOUIS BROWNLOW, COMMISSIONER; MISS CECIL B. NORTON, COMMUNITY CENTER DEPARTMENT; BRIG. GEN. C. W. KUTZ, ENGINEER COMMISSIONER; AND COL. JAMES J. LOVING, ASSISTANT TO ENGINEER COMMISSIONER.

GENERAL STATEMENT.

Mr. Sisson. Mr. Commissioner, you have indicated in the estimates submitted those items which you believe to be urgent, and they are the items we will consider at this time.

Mr. BROWNLOW. Yes, sir; the others should go over to the general deficiency bill.

Mr. Sisson. Please state for the record the items which you deem urgent.

Mr. BROWNLOW. The care of District Building, \$15,300; for additional amount required to meet the objects set forth in the appropriation for operation and maintenance of the sewage pumping service, \$35,000; for additional amount required to meet the objects set forth in the appropriation for the disposal of city refuse, \$225,000; community forums and civic centers, \$15,000; and four items under the fire department, being additional amounts required to purchase apparatus, aggregating \$12,800.

COMMUNITY FORUMS AND CIVIC CENTERS.

Mr. Sisson. Miss Norton, I believe you are at the head of the community center department?

Miss NORTON. Yes.

Mr. Sisson. Will you make a statement about the \$15,000 deficiency estimate and why it is needed?

Miss NORTON. Before the summer was even over we knew that the regular appropriation would not cover the work, because the city was so congested and there were so many extra people here that it was decided that we should plunge right ahead and take care of the war situation, and we spent more than half of our appropriation before half the year was over.

Mr. Sisson. What was the amount of the appropriation that you had originally?

Miss NORTON. \$15,000 in the regular bill.

Mr. Sisson. And then did you have a deficiency?

Miss NORTON. We had no deficiency this year, but we knew we would need one before August was over, because the work had to be so greatly expanded.

Mr. Sisson. What work have you done for the war workers and the people connected with the war industries?

Miss NORTON. Instead of going ahead with our recreational and civic work, as we would in normal times, we extended the recreational facilities, and at the present time we have many of those facilities in existence. Although the war workers are supposed to be leaving, we are opening buildings for overflows from regular centers.

Mr. Sisson. What do you expect to do with this \$15,000?

Miss NORTON. Of our regular appropriation we have already spent \$9,634; that would leave us something like \$5,300 to run on for the rest of the year, and there is about half a year still to go. That means we have not even enough funds with which to carry on our permanent organization. There will be people dropped from our rolls at the end of the month because we have not the funds to longer carry them.

Mr. Sisson. That is, people who are on a salary?

Miss NORTON. Yes. We have run the risk of ruining our permanent organization by going ahead and meeting the war situation.

Mr. Wood. How did the war situation interfere with your arrangements?

Miss NORTON. On the 1st of July we made plans for extending the recreational work during July, August, and September, which took a great deal more than the regular allotment of money.

Mr. Wood. Was that for the accommodation of soldiers?

Miss NORTON. Soldiers and war workers—girls. Two-thirds of them were young women war workers, and we have handled about 100,000 soldiers in the past year.

Mr. Sisson. You mean you have made a special effort to look after the young ladies who came from the various States to do war work?

Miss NORTON. Yes; we have inaugurated special recreational activities for them, and that is the kind of work I have been speaking of. We have done that so largely that we have not even purchased the necessary regular equipment, chairs, stereopticons, and things of that nature, for our civic work. We have practically purchased none of that regular material.

Mr. Sisson. How much will it take to carry the balance of your force during this fiscal year?

Miss NORTON. It will take \$4,000 in addition to the \$5,300 he have left to carry the ones we now have on the roll.

Mr. Sisson. To keep that force at its present efficiency?

Miss NORTON. Yes; in addition to the balance of the regular appropriation. That does not include, however, stenographers and clerks. We have not a single stenographer on our force now but we did have during the summer; we have had to cut everywhere we possibly could so as to keep going at all, and we have used all the money possible on the janitors and engineers in order to keep the buildings open.

Mr. Sisson. So it will take \$4,000 of the \$15,000 you ask to keep that force going?

Miss NORTON. Yes.

Mr. Sisson. How is the balance made up?

Miss NORTON. We need \$4,000 more for the janitor service.

Mr. Sisson. What janitor service do you pay for?

Miss NORTON. We pay all of the janitors, engineers, and laborers in the 18 buildings we occupy, and we have some of them open every night in the week.

Mr. Sisson. You use the janitors and engineers regularly employed in the school buildings?

Miss NORTON. Yes; but we have to pay them time and a half rates for night work.

Mr. Wood. Do you use the regular school janitors?

Miss NORTON. Yes.

Mr. Wood. And you pay them extra?

Miss NORTON. Yes; we pay them time and a half rates for night work. You asked me to explain the balance of the \$11,000. May I give you the items?

Mr. Sisson. Yes.

ADDITIONAL CLERKS, STENOGRAPHERS, SPECIAL ASSISTANTS—LIGHTING OF BUILDINGS.

Miss NORTON. We need \$3,000 to put on the rolls what we have not enough to carry now and that is some clerks, stenographers, and some special assistants, because we still have a congested condition. Then we need \$4,000 to be expended on lighting the buildings and for purchasing equipment. We have not spent anything on permanent equipment or lighting. We have some buildings open which have not enough rooms lighted.

Mr. Sisson. How much do you estimate you will spend on lighting?

Miss NORTON. \$1,500.

Mr. Sisson. How many buildings would you light?

Miss NORTON. There are six buildings, portions of which need lighting immediately. One of the most urgent needs of the department is an automobile. We have to cover the white and colored centers of the District, which are located anywhere from Chevy Chase to Georgetown and Anacostia. Very often three or four buildings should be reached in one evening. This is not possible by using the street cars, as the distances are so great. I earnestly hope that \$1,500 of the equipment fund may be used for an automobile in order that the work may be facilitated.

The balance of that amount, \$1,000, is badly needed for chairs. We have not enough chairs for people to sit on. The school chairs are nailed to the floor and some of them are small and not large enough for grown-ups. We need 2,000 chairs very badly.

Mr. Sisson. Would those chairs be distributed among—

Miss NORTON (interposing). Among the different centers, white and colored.

Mr. Sisson. What is the balance?

Miss NORTON. That completes the \$11,000. Out of the \$2,500 we will not only purchase chairs but some things for our civic work, stereopticons, and things like that, and that completes the \$11,000 that is asked for.

Mr. Sisson. That absorbs all of the \$15,000?

Miss NORTON. Yes, sir. The original estimate was for \$32,000, but it was made last August; time has passed and we do not need that much now.

Mr. Sisson. That constitutes the entire item you are asking for?

Miss NORTON. Yes, sir.

Mr. Sisson. What item will you take up next?

CARE OF DISTRICT BUILDING.

Mr. BROWNLOW. These first items are all under the engineer department.

Mr. Sisson. We will take up the first item, "Care of District Building, \$15,300." What do you want to do with that amount of money?

Col. LOVING. That is to carry on the regular work in connection with the maintenance of the District Building. The appropriation for the current year was \$23,000, but for the fiscal year 1918, including a deficiency we had, it was \$27,000. The estimate for this year was made up before the deficiency item was submitted for last year, and the increase is needed largely on account of the increased cost of coal. We use about 2,500 tons of coal each year and we estimated it would cost about \$5 per ton, but, as a matter of fact, it will cost nearer \$9, so that will account for about \$9,500 of that increased amount. Then our wages have been increased from 30 to 40 per cent and supplies about 25 per cent.

Mr. Sisson. How much has your labor account increased?

Col. LOVING. We were allowed \$3,500 for labor; at least that was the limitation on the amount that could be expended for labor. It now appears we will need about \$6,000. I want to say that while this estimate, as submitted, contemplates an additional amount of \$1,000, I would like to ask that that be made \$3,000, and since

I have made a later study of the expenditures I think we can reduce this total estimate by about \$2,000; that is, ask for \$13,000 additional.

Mr. BROWNLOW. In other words, you want to make the limitation on labor \$3,000?

Col. LOVING. Yes.

Mr. Sisson. Why do you want that increase?

Col. LOVING. We have used, up to December 18, about \$3,000 for labor.

Mr. Sisson. What class of labor do you employ?

Col. LOVING. Carpenters, painters, plumbers, skilled men who come in and make repairs.

Mr. Sisson. Do you need as much as 100 per cent more for labor?

Col. LOVING. Last year we used \$6,000, including what we had in the deficiency bill, and if this estimate had been prepared subsequent to that time we would have asked for more; we would have asked for \$6,000 for this year instead of \$3,500. \$3,500 is what we have always had.

Mr. Sisson. You think it will take only \$13,000, making \$36,000, for the care of the building? You had \$23,000.

Col. LOVING. We had \$23,000 and would like to have \$13,000 more.

Mr. Sisson. That will be \$36,000 for the entire year.

Col. LOVING. Yes, sir.

Mr. Sisson. That is \$3,000 per month. How much have you available of that \$23,000?

Col. LOVING. I think the balance on December 18 was \$8,000.

Mr. Sisson. Have you bought your coal?

Col. LOVING. No. We have bought some coal but not coal for the entire year.

Mr. Sisson. Will your coal cost as much this year as it did last year?

Col. LOVING. I think it will cost more. I do not remember what it was last year, but it was around \$6.

Mr. Sisson. You think the coal will be as expensive as it was last year?

Col. LOVING. It will be more. \$8.69 is the price given me here on which to base my estimate.

Mr. Sisson. Last year was a very severe winter, was it not?

Col. LOVING. Yes; it was unusually severe.

Mr. Sisson. It was not only severe, but it was a long winter?

Col. LOVING. Yes.

Mr. BROWNLOW. We secured coal last year under some old contracts which were more advantageous than we have at the present time.

Mr. WOOD. It will not take near the volume of coal this year?

Mr. BROWNLOW. No.

Col. LOVING. I am not so sure about that, because the quality of coal we are getting is very inferior.

Mr. Sisson. Even though you are paying a higher price for it?

Col. LOVING. Yes, sir.

Mr. Sisson. You think \$13,000 is as little as you can well get along on?

Col. LOVING. Yes, sir; I think so. I have reduced the original estimate by \$2,300, but I would not feel safe in reducing it any more.

Mr. Sisson. How much did you ask for in that item, if you recollect?

Col. LOVING. You mean in the deficiency bill?

Mr. Sisson. I mean the original \$23,000. Was that what you asked for?

Col. LOVING. Yes, sir; that is what we asked for.

OPERATION AND MAINTENANCE OF SEWAGE-PUMPING SERVICE.

Mr. Sisson. The next item is for additional amount required to meet the objects set forth in the appropriation for operation and maintenance of the sewage-pumping service, and you are asking a deficiency of \$35,000.

Col. LOVING. Yes, sir; that is for the maintenance of the sewage-pumping service.

Mr. Sisson. Explain that item. You had \$58,000 last year. What is the condition of the appropriation now?

Col. LOVING. The balance, I think, is about \$10,000. Of the total, about \$8,000 is on account of wages.

Mr. Sisson. \$8,000 of the \$35,000?

Col. LOVING. Yes. That would be applied toward an increase in wages.

Mr. Sisson. What accounts for the balance?

Col. LOVING. \$20,000 is on account of the increased cost of coal and \$3,000 is on account of the increased cost of supplies. That would only make \$31,000, and my note was made on that basis.

Mr. Sisson. In other words, that entire item is made up of the actual physical increase in the cost of materials and labor?

Col. LOVING. Yes, sir.

Mr. Sisson. And you estimate it will take \$35,000 to carry you through this fiscal year?

Col. LOVING. Yes, sir; I think so.

Mr. Sisson. Or, rather, \$31,000?

Col. LOVING. I do not know whether that is a misprint or not. My note calls for \$31,000 as the amount of the deficiency.

Mr. Sisson. You have in the text \$35,000 and you have accounted for \$31,000.

Col. LOVING. I can not account for the other \$4,000. \$31,000 are my figures, as I worked them up myself.

DISPOSAL OF CITY REFUSE.

Mr. Sisson. The next item is for additional amount required to meet the objects set forth in the appropriation for disposal of city refuse, \$225,000.

Col. LOVING. Of that total \$150,000 is required for the collection and disposal of garbage. Our appropriation for the year was \$445,000, of which we have expended \$85,000 for the plant and equipment and \$35,000 for improvements.

Mr. Sisson. \$150,000 is for the increased cost of collecting the garbage?

Col. LOVING. The collection and disposal.

Mr. Sisson. How do you account for the balance?

Col. LOVING. \$75,000 is estimated to be required to collect and dispose of ashes.

Mr. Sisson. I want you to explain exactly how you arrive at that estimate of \$75,000.

Col. LOVING. The estimate of \$75,000 was made as follows:

Based on present prices of labor and material, it is now estimated that the entire cost for collecting ashes for the fiscal year 1919 will be about \$145,000. There was appropriated for this work the sum of \$78,300, the difference being approximately \$66,000, but the estimate of deficiency is made \$75,000, as the cost of material and labor are so uncertain at this time.

The total amount of ashes to be collected will be about 130,000 cubic yards. One-collecting unit, consisting of wagon, two horses, and two men, can collect and haul to dump on the average three loads of about $3\frac{1}{4}$ cubic yards each, or 10 cubic yards per day. This means 13,000 wagon days per year.

The cost of a wagon day is computed as follows:

2 men, at \$3.50.....	\$7. 00
2 horses, at \$1.35.....	2. 70
Care of wagon, harness, etc.....	. 30
	<hr/>
	10. 00
Overhead, 10 per cent.....	1. 00
	<hr/>
	11. 00
	<hr/>
13,000 wagon days, at \$11.....	143, 000. 00

This total does not include depreciation, insurance, or interest.

Calculated in another way: The number of collecting units throughout the year varies from 10 to 85, average 45 for the year (these figures from actual experience); on the basis of 313 working days, this amounts to 14,085 wagon days. Using the same cost per wagon day, 14,000 wagon days, at \$11, \$154,000.

The average of these two results is \$148,500, which may be taken as a fair estimate of the probable actual cost of the work, based on present unit costs.

Contracts recently let for the removal of ashes from public buildings have been made at a unit price of \$1.75 per cubic yard. If it be assumed that this figure includes the usual profit of 15 per cent, a cost of \$1.50 per yard is deduced, which would amount to \$195,000 if this unit cost were applied to the removal of ashes from private dwellings. And this figure may be taken as an indication of the probable cost of a contract for that work if made under existing conditions.

ADDITIONAL FOR MOTOR-DRIVEN AERIAL HOOK AND LADDER TRUCK.

Mr. Sisson. The next item is "Additional amount required for one aerial hook and ladder truck, motor-driven, fiscal year 1919, \$1,000." Is that because you could not buy it within the appropriation?

Mr. BROWNLOW. Yes, sir. Those four items there are grouped together, and the amount noted in the right-hand column shows what was appropriated for the fiscal year. We asked for bids, as was stated in the hearing on the regular bill, but in no one of the cases

were any of the bids within the appropriation, and we ask for these deficiencies in order that we may buy these ten pieces of apparatus that were provided for in the current bill.

Mr. Sisson. How many engine houses does that provide for?

Mr. BROWNLOW. That provides for one aerial hook and ladder truck for a truck company.

Mr. Sisson. How many of these have you in the department now?

Mr. BROWNLOW. There are 15 trucks. This is to take the place of a horse-drawn truck which has been in the service for thirty-odd years.

Mr. Sisson. And you need this \$1,000——

Mr. BROWNLOW (interposing). Yes, sir; in connection with the \$12,500 already appropriated.

Mr. Sisson. You have had \$12,500 appropriated for that purpose?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. And the lowest bid you received was \$13,500?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. And you are asking for the \$1,000 in order that you may obtain this particular piece of apparatus for which \$12,500 was appropriated in the current appropriation?

Mr. BROWNLOW. Yes, sir. The bid was submitted with the condition that it should be accepted or declined within either 30 or 60 days, I have forgotten which, but subsequently the lowest bidder came in and said that in view of the fact that we did not have sufficient money, the bid would remain open at that figure until we got a deficiency, and if there was any diminution in the price we would get the benefit of it.

Mr. Sisson. And in order to hold that contract it is necessary to get this \$1,000?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. In any event, you can not lose any money. You are protected against loss if the price goes any higher, while, if it goes lower you will get the benefit of it?

Mr. BROWNLOW. Yes, sir; by a verbal statement.

Mr. Sisson. You are protected in view of the fact that he will allow you to have it at whatever reduced price may prevail?

Mr. BROWNLOW. Yes, sir.

Mr. McANDREWS. And the same thing applies to these other items?

Mr. BROWNLOW. The same thing is true of all these items.

ADDITIONAL FOR MOTOR-DRIVEN TRACTORS.

Mr. Sisson. The next item is, "Additional amount required for two tractors, motor-driven, at \$4,500 each, fiscal year 1919, \$4,000."

Mr. BROWNLOW. We secured an appropriation of \$9,000 for those two tractors.

Mr. Sisson. What are they meant to do?

Mr. BROWNLOW. They are to be attached to steam fire engines to take the place of horses.

Mr. Sisson. They are provided for in the current law?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. Did you advertise for bids?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. What was the lowest bid?

Mr. BROWNLOW. The lowest bid was about \$6,500 for each one, so that it will require \$13,000 for the two.

Mr. Sisson. Did you have the same understanding with reference to that that you had with reference to the previous item?

Mr. BROWNLOW. Yes, sir; the same understanding.

Mr. Sisson. In the event the deficiency appropriation goes through, if there is any reduction in the price, you get the benefit of it?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. But if there is any increase in the price, they do not propose to ask any increase, but to stand by the bids?

Mr. BROWNLOW. Yes, sir; they will stand by the bid.

ADDITIONAL FOR MOTOR-DRIVEN FIRE ENGINES.

Mr. Sisson. The next item is, "Additional amount required for three fire engines, motor-driven, at \$8,500 each, fiscal year 1919, \$6,000." Did you advertise for bids in that case?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. An appropriation was made for them in the current law?

Mr. BROWNLOW. Yes, sir; and the same conditions arose that I have just explained in regard to the two preceding items.

Mr. Sisson. The appropriation of \$25,500 was not sufficient?

Mr. BROWNLOW. No, sir; it was not sufficient.

Mr. Sisson. How many bidders did you have in each case?

Mr. BROWNLOW. That is stated in the hearings we had before. There were about six or seven bidders, but not all of them bid on all the items.

Mr. Sisson. You had competition in each case?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. Do you think you had real competition?

Mr. BROWNLOW. Yes, sir.

Mr. WOOD. Were these bids from only one concern, or were there different concerns?

Mr. BROWNLOW. These were only the two lowest bidders.

Mr. WOOD. You are just dealing, then, with two concerns, or have you this understanding with all of them?

Mr. BROWNLOW. All those who are anywhere within the amount of money. The other bidders are in excess of the total we would have, even if these deficiencies were available.

ADDITIONAL FOR MOTOR-DRIVEN COMBINATION CHEMICAL AND HOSE WAGONS.

Mr. Sisson. The next item is, "Additional amount required for four combination chemical and hose wagons, motor-driven, at \$5,800, fiscal year 1919, \$1,800." The same statement applies to this item?

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. In this instance you ask for \$1,800.

Mr. BROWNLOW. Yes, sir. In that instance the bids were more nearly within the appropriation, and the deficiency on each piece of apparatus is smaller.

Mr. McANDREWS. It is \$450 apiece.

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. Have you any other items?

PREVENTION OF SPREAD OF CONTAGIOUS DISEASES—INFLUENZA

Mr. BROWNLOW. That is all we have except the health matter. We have another urgent deficiency item which we have sent to the Treasury Department, and it is on the way here now. It is in the Printing Office now. The item is as follows:

For additional amount required under the objects set forth in the appropriation for enforcement of the various provisions of law to prevent the spread of contagious disease in the District of Columbia, including rent and repairs of building or buildings for temporary Emergency Hospital, equipment, maintenance, and operation of the same, temporary services and such other items as may in the judgment of the Commissioners of the District of Columbia be necessary to prevent the spread of epidemic influenza in the District of Columbia: *Provided*, That the Commissioners of the District of Columbia may accept volunteer service in connection with the prevention of the spread of contagious disease in the District of Columbia, \$50,000.

I will state this situation: When the influenza epidemic broke out here in this country last September and raged so violently, the Public Health Service was given an appropriation of \$1,000,000 to fight the epidemic throughout the country. The conditions in the District of Columbia were very bad on account of the great crowding and the difficult situation with respect to housing facilities. The hospitals were not able to accommodate all the sick people, and a building at Eighteenth Street and Virginia Avenue was loaned to the Public Health Service by the War Department and was operated as a hospital for several weeks. That was a very large hospital that accommodated 500 patients, and it was capable of expansion to 700 patients. The Public Health Service at that time put in the hospital equipment. When the epidemic subsided the War Department took that building over again and the Public Health Service stored its equipment. The recrudescence of the epidemic came along, and, while not as bad as before, we found a very urgent demand for hospital facilities which could not be supplied by the existing hospitals, which were crowded absolutely to their capacity. After some discussion, and after a little waiting, hoping that conditions would improve, a conference was held between representatives of several of the Federal departments who were interested on account of their employees, and representatives of the Public Health Service, the health officer of the District, and myself.

Mr. SISSON. Will you state some of the departments that were represented at that conference?

Mr. BROWNLOW. Those represented were the Department of Labor, the Food Administration, the War Trade Board, the Army, and the Navy. The result of that was that we had to provide something right then. We found that there was only one building in town that we could get hold of at all that had the kitchen facilities and plumbing facilities necessary for hospital purposes, and that was a building at 612 F Street, which at that time was rented to the Housing Corporation and used as a boarding house for war workers. The Housing Corporation consented to let us have that building and moved the girls out, and within three days we had a hospital there with an ultimate capacity of 90 beds. We are not taking into this hospital any patients except those who are extremely ill, or those for which there is absolutely no provision for home care. That means that a very large proportion of the patients going in there are people who are called war workers—that is, men and women who are away from

home in boarding houses where there is no possible way of taking care of them. We have had, since that hospital was opened, about 100 admissions and we have had 10 deaths. There are now 59 people in that hospital, which is two-thirds of its ultimate capacity.

We opened this hospital, so far as the finances are concerned, by the commissioners agreeing to expend \$5,000, which it was thought possible we could expend out of the contagious-disease appropriation. The Public Health Service, in spite of the fact that they felt that they had already spent as much as they could in the District of Columbia, put up \$5,000, while the District of Columbia Chapter of the Red Cross offered to furnish personnel to the amount of \$5,000—that is, they will pay the nurses—and it is to continue that contribution that we ask this authority here to accept voluntary services. Now, in that way we get the provision of a fund, or its equivalent, of \$15,000. The hospital has been open about three weeks, and one-half of that money has been spent. The commissioners have no more money to put in it.

Mr. Sisson. It has cost you on an average about \$75 per patient?

Mr. BROWNLOW. Yes, sir. Now, we are only taking cases in here where it is absolutely necessary to take care of those poor people in some way.

Mr. Sisson. In taking them into this hospital have those people who needed hospital facilities more than they needed financial aid been permitted to pay anything?

Mr. BROWNLOW. An arrangement was made whereby we would charge just the same as they do in the other hospitals—that is, ten or fifteen dollars per week for those who could pay, but, as a matter of fact, the people we have taken are people who can not pay.

Mr. Sisson. I have no objection to that being done, of course, for those people who can not pay. I can conceive, however, of cases where persons might have ample means and want hospital care. A person who was stopping at a hotel, for instance, might want to go to a hospital for treatment.

Mr. BROWNLOW. In that case a charge should be made. We ask for this \$50,000 because we believe, from the experience of European cities, where this epidemic has been going on for a year more than it has here, that we are going to have these waves of this trouble right along.

Mr. Sisson. How long have you had this hospital under your control?

Mr. BROWNLOW. About three weeks.

Mr. Sisson. Was there any considerable expense connected with the taking over of the hospital and its preparation for the reception of patients?

Mr. BROWNLOW. The Public Health Service furnished us the equipment it had left over from the other epidemic, and the Army furnished us the trucks with which to haul it in; they also furnished the trucks with which to move the girls who were boarding there.

Mr. Sisson. What I am endeavoring to arrive at is whether or not I could come to some reasonable conclusion as to the cost per day to us of the patients actually there. That could not be fairly charged against this appropriation if, in the initiation of it, it cost you more than to continue it.

Mr. BROWNLOW. I can get exactly what amounts have been spent, but I have not that data with me.

Mr. Sisson. Do you know about what it has been costing you per day per patient?

Mr. BROWNLOW. No, sir; I have not looked into that.

Mr. Sisson. I wish you would make an estimate, if you can.

Mr. BROWNLOW. The total expenditures for the first 19 days of operation from December 20 to January 7 was \$4,199.96, but as this included some supplies that will not have to be duplicated, we can not as yet estimate a daily cost per patient that will be a true index. There is one other item connected with it, and that is this: The Housing Corporation wants us to reimburse it to the extent of \$1,400 which they spent on this building in making it habitable. They put the building in habitable condition, and then put girls there and expected to charge them board, which would reimburse them, but they had them there only a week or two when we ousted them, so that they think the District ought to pay that bill. The rent of the building is \$400 a month.

Mr. Sisson. Who owns the building?

Mr. BROWNLOW. I do not know. The Housing Corporation has it under lease at that amount.

Mr. Sisson. It was not a building erected by the Housing Corporation?

Mr. BROWNLOW. No.

Mr. Sisson. But rented by them?

Mr. BROWNLOW. Yes.

Mr. Sisson. And you got it from the Housing Corporation?

Mr. BROWNLOW. Yes. It was the only building in the District of Columbia which we could get at all that had the necessary facilities, and we had to take care of these sick people.

Mr. WOOD. Was it a hotel?

Mr. BROWNLOW. No; it was an old office building down on F Street, between Sixth and Seventh. It is an old-fashioned office building which was fitted up for a boarding house. It cost the Housing Corporation about \$1,400 to make it habitable, and they did not enjoy the income from it except for a few weeks.

Mr. Sisson. Of course, you realize that in making this estimate it is a mere guess as to how long you will have the influenza and how much you will have to spend.

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. In the expenditure of this fund the Commissioners, of course, will only expend such amounts as are necessary to take care of these people who can not get hospital facilities elsewhere, or people who are utterly unable to take care of themselves or be taken care of out of these other charity funds.

Mr. BROWNLOW. Yes, sir.

Mr. Sisson. As you know, we have a number of charities under the Board of Charities, and where the Board of Charities can take care of these patients they ought to do so.

Mr. BROWNLOW. The Board of Charities can not take care of any of these patients.

Mr. Sisson. Why not?

Mr. BROWNLOW. Because none of the hospitals will take them.

Mr. Sisson. Will not take a man with the "flu"?

Mr. BROWNLOW. No; and the reason is that if they did they would introduce the influenza into the hospital, which was done at first, and it killed off a lot of other sick people; that is, they became ill with influenza and died.

Mr. WOOD. But they do take influenza patients?

Mr. BROWNLOW. Only those hospitals that have isolation wards or private rooms. They have stopped taking them in the wards and all of our charity patients go into general wards.

Mr. WOOD. I am not speaking of the charity cases. Suppose I were to become sick with the influenza, I could go out to the Homeopathic Hospital and be taken care of, could I not?

Mr. BROWNLOW. If you could get a private room, yes; but Mr. Sisson was talking about the Board of Charities putting them in the hospitals, and the Board of Charities can only place indigent patients, and it can not hire rooms for them. It can only put them in the wards, and even if the wards were available, they would not put such patients in them, because they are all full with other cases.

Mr. Sisson. Funds of this character are subject to a good deal of abuse unless they are watched with a great deal of care.

Mr. BROWNLOW. We will watch them with a great deal of care. In this city we are different from other municipalities, because they have some means of getting an appropriation out of some contingent fund, while we have absolutely nothing to meet a situation of this kind.

Mr. Sisson. I think you gentlemen are in better shape than the States, because when the legislature is not in session they are in bad shape, because they can not get any funds, although in some of the cities they may be able to get the funds; that is, where the board of aldermen or city council might take advantage of the situation easier than they could in the State. But you are in better shape, because Congress has been meeting so continuously.

Mr. BROWNLOW. But the States do not run the city hospitals. They are all run by the cities.

Mr. Sisson. But a great many States do have State institutions.

Mr. BROWNLOW. They do have, yes; but I mean for emergency work of this kind the cities can take charge.

SATURDAY, JANUARY 11, 1919.

UNITED STATES EMPLOYEES' COMPENSATION COMMISSION.

STATEMENTS OF MRS. FRANCES C. AXTELL, CHAIRMAN, AND
MR. CHARLES H. VERRILL, COMMISSIONER.

COMPENSATION FUND—CONTINGENT EXPENSES.

The CHAIRMAN. You have submitted here an estimate of \$760,200 for the United States Employees' Compensation Commission, \$10,200 being for contingent expenses and \$750,000 being for the compensation fund.

Mr. VERRILL. Yes.

The CHAIRMAN. What moneys have you had?

Mr. VERRILL. Our regular appropriation this year for the fund was \$500,000 and the appropriation for other expenses was \$102,500. When we got that \$500,000 the estimate was made, of course, more than a year ago, in September, 1917, and it was estimated on the basis of injuries that were occurring at that time among Government employees. The commission had been organized only about six months and organized with an accumulation of something over 5,000 cases, so as you can readily understand the commission had not fully sized up its job at that time. With the expansion of Government activities and also with a better knowledge among employees of what the law was, the injuries and claims coming before the commission increased very much, so that the number of injuries and claims coming before the commission at the end of this fiscal year was about 150 per cent in excess of those coming before the commission last year, and up to the present time the increase has continued. The claims for the quarter ending December 31 were 26 per cent in excess of those for the quarter ending June 30, the death claims being especially heavy, numbering 168, and showing an increase of 140 per cent over those in the quarter ending June 30 of the year 1918.

The condition can not be accurately sized up by the commission even at the present time. During the past year the commission, in spite of all its efforts to bring to the attention of every department and bureau the provisions of the law and the duties of officials under the law, has found that injuries are not reported promptly; that death claims are not submitted promptly nor are disability claims submitted promptly. A part of this is due to the fact that men do not know their rights. Part of it is due to the fact that officials are not familiar with the law. A part of it is also due to the fact that officials not understanding the law interfere with the making of claims. They undertake to stand in the position of the commission and pass upon the validity of a claim, so that sometimes a man is bluffed into believing he has not a valid claim when he has a perfectly good one. In cases where there is no blame on the part of the official we still find trouble or have found trouble in getting the claims presented properly before the commission, and it is sometimes difficult to say what the cause is. The commission has not been able to make investigations as it should. It has not been able to send its agents to Government establishments to try to set things right when they go wrong as it should.

An illustration occurred some time ago. We had a call on the long-distance telephone from Hoboken, an inquiry as to why no reply had been received to letters sent to the commission. It was stated that seven stevedores engaged in coaling a navy ship up there had been killed in an explosion in the coal bunkers on the 24th of August; that they had written to the commission repeatedly and had received no reply. The dates of four letters were given. We investigated and found that not one of those letters had ever been received. We said we would send a man up there without delay to find out about it. The man came back with copies of the letters which had been sent, properly addressed to the commission, but never received. There were seven cases of deaths. I can not say whether every one of them is compensable or not, because the question of dependency is not finally settled in all the cases; but it is an illustration of what

has been happening. An extreme example, perhaps, because ordinarily it is a single case that goes astray so that the employee's rights are not protected.

The CHAIRMAN. Was that the fault of the postal system or what?

Mr. VERRILL. We have been utterly unable to find out yet. Another example of trouble which we have had, which is the fault of the postal system, is in delivering to Government establishments the forms on which injuries are reported and on which claims are made. There has been more than one instance where we have mailed forms four times before we could get a delivery. I do not know the reason.

Mr. EAGAN. This particular man at Hoboken had never asked for those forms?

Mr. VERRILL. Oh, yes. This man at Hoboken had by letter properly reported those seven deaths, called our attention to them and wanted instructions, but the letters had not been received.

Mr. EAGAN. I thought what he wanted was an opinion as to whether or not the Government was liable.

Mr. VERRILL. No. He did ask that question tentatively, but he assumed what the answer would be and assumed it correctly.

Mr. EAGAN. As I understand, that contract was taken over by the Government the day before these men were killed?

Mr. VERRILL. That is correct. Since that time all of the hiring there has been directly by the Navy Department and no contractor has been concerned.

Mr. EAGAN. Has it been developed that the Government is responsible?

Mr. VERRILL. Yes; there is no question about that whatever.

We have had similar trouble with men lost on ships. The Shipping Board has operated some of the ships. Some of the men have been lost. Now, what the explanation is, I have not been able to find out, but in the case of some of the foreign seamen who were lost on those ships the claims have been delayed and not received until after the lapse of a year. According to the provisions of our law a claim should be submitted within one year. The claims of some of these foreign seamen have not been submitted, I believe, because the dependents could not know of the death directly and could not know, perhaps, of their rights, because communication was cut off by the war and they have been unable to submit their claims promptly.

Doubtless there will be quite a good many of those claims come in still, and they will necessarily be disallowed because they did not come in within one year. We can not say what the number will be. The number lost on some ships has been pretty large. In one case, a short time ago, there were 13 lost on a single ship. That was on Lake Ontario. There we could not complain that we did not have the information, because we got it promptly. All of this difficulty in reporting and submitting claims explains why even now the commission can not give as accurate an estimate as it ought to be able to give of the number of claims that are likely to come before it.

With regard to the situation just at the present time, at the end of December the commission had an apparent balance in its fund of \$57,000. That will not last during the month of January. The probabilities are that that sum will be exhausted about the third week in January, we think. The estimate that we submitted was

that we needed a deficiency appropriation of \$750,000 on account of the fund to carry us to the end of the fiscal year. I should say that \$50,000 of that should be omitted now, and the reason is that this balance of \$57,000 supplemented by \$700,000 seems to be perfectly safe to carry us through the year.

You will understand that in a matter of this kind there will be very serious danger in attempting to estimate exactly what we would need, because when these claims are found to be valid claims and an award is payable, it ought to be paid at once; there should not be any waiting, because this compensation is no more than necessary to correct cases of hardship following death or following disability. Furthermore, there would not be any advantage in postponing payment anyway, because it is an obligation recognized in the law. We can not diminish it and we can not increase it. Of course, the commission has discretion in making an award; but, after all, the discretion affects very few cases and a small amount of money. I would not feel safe in estimating less than \$700,000 as necessary to carry us through the fiscal year.

With regard to a request for other amounts, we have had during the present fiscal year for administrative expenses \$102,500; \$72,910 of that was on account of statutory salaries and \$10,000 additional was in a lump sum available for temporary and emergency help. We will need now, in order to carry to the end of the fiscal year the force that we have, \$4,600. We feel that it is necessary to have \$3,600 in addition to that to get additional help. The work is now backward and it seems very undesirable that it should be permitted to remain backward or to fall backward any more.

The relation of the compensation fund to the administrative expenses, I might say in explanation, is something like this: During the period from the enactment of the law down to June 30, 1918, the amount paid out by way of compensation and medical service was in round numbers \$829,000. We must consider as an expenditure in addition to that the value of the free medical and hospital service in Government hospitals and by Government physicians, meaning what the Army furnished and what the Navy furnished and especially what they furnished in establishments like the naval service in the navy yards and the Army service at the arsenals, the Public Health Service in the marine hospitals, etc. I think it would be a very conservative estimate to place the value of that at \$100,000 for the period. It would make the value of those benefits \$930,000. The administrative expenses during that period, including the 5 and 10 per cent additions to the Government salaries, would be about \$104,000 or approximately 11 per cent, which, I think, is a reasonable percentage for administrative expenses during the period of organization of the work of the commission. It ought to run somewhat less than that in later years.

During the current year, if the amounts asked for here are granted, the cost of compensation, including the value of Government medical and hospital service, will be approximately \$1,325,000, and the administrative expenses will amount to \$112,700, or 8½ per cent. So it shows a reduction in the overhead expenses. I think that we ought to do a little better in the future, but last year has been, while not our first year, worse than a first year, on account of the war conditions and on account of the extreme difficulty of getting the cooperation of Government officials.

EXPENSES OF BRANCH OVERSEAS.

The CHAIRMAN. Did you not have some money for a branch overseas?

Mr. VERRILL. Yes, sir. I should have mentioned that, too. I have not taken into account in giving you these figures of estimated expenditures, the appropriation that you made of \$25,000 on account of the administration of the act in France. I am very sorry to say that we can not tell you how much that has been costing.

The CHAIRMAN. Who went over there?

Mr. VERRILL. Mr. Keegan went over and took a force of clerks. My information is that at least \$10,000 of the \$25,000 will remain unexpended when they return, but I have not figures sufficiently—

The CHAIRMAN (interposing). What expense of the people who went over there is being paid?

Mr. VERRILL. The expense of the people who went over there would be, first, transportation; second, salaries and per diem while there, and transportation while there. I think there is not much beyond that, but I do not know exactly.

The CHAIRMAN. Is that limited to the employees or does that include the families?

Mr. VERRILL. No; it is absolutely limited to the employees; no expenditure except on account of the employees.

The CHAIRMAN. Have you any report as to what expenses have been incurred overseas?

Mr. VERRILL. No. I can only make an estimate on what I know, but I can not give you any figures from the disbursing officer.

The CHAIRMAN. How many went over?

Mr. VERRILL. Eight, besides Mr. Keegan. Three have returned. We understand that Mr. Keegan, with all the others except one, have engaged passage for the 18th of this month.

The CHAIRMAN. Did Mr. Keegan return recently?

Mr. VERRILL. No.

The CHAIRMAN. Has he not been back since he went over?

Mr. VERRILL. He was back about the end of September and stayed one week and then returned.

One other thing with reference to the French work. We allotted to Mr. Keegan for use in France \$80,000, and some of that will come back. How much, I do not know.

The CHAIRMAN. You mean in the payment of claims?

Mr. VERRILL. We transferred to their account in France \$80,000. We do not know how much of that will come back. We know some of it will come back. We hope that half will come back.

The CHAIRMAN. That item was for the payment of claims only?

Mr. VERRILL. Absolutely, for the payment of claims. It is not available for any other purpose except the payment of claims, including, of course, medical service, which would mean compensation, medical and hospital service, and burial, if it was a case of death, but absolutely not a penny of that is available for administrative expenses.

The CHAIRMAN. If that was made available in the United States you would not need this \$10,000?

Mr. VERRILL. No, sir. If you were to ask my opinion I should say that possibly the balance that he brings back will be more than \$10,000; possibly it will. My guess is that it will be between \$10,000 and \$12,000.

The CHAIRMAN. Suppose that we made not exceeding \$10,000 of it available here in America; that would take care of the situation?

Mr. VERRILL. Yes, sir; it would.

The CHAIRMAN. Have you arrived at any decision under this law as to the people who are embraced under it?

Mr. VERRILL. Just what do you mean, Mr. Chairman? Government employees are embraced under it, not including officers.

RAILROAD EMPLOYEES.

The CHAIRMAN. Government employees may be held by some people to include employees on the railroads, for instance.

Mr. VERRILL. Well, there has been no specific claim on account of an injury to a railroad employee come before the commission. There have been inquiries in regard to the matter, but there has not been a definite claim calling for a definite allowance or disallowance on the part of the commission.

The CHAIRMAN. There is no idea on the part of the commission. Is there, that this law embraces as beneficiaries under this act employees of the Railroad Administration?

Mr. VERRILL. Well, that is opening up a rather large subject. We have had that question up in a certain way lately. Not exactly to evade your question, but to lead up to an answer to it, in the case of a railway postal clerk injured on the railroad where the railroad is liable, the law provides that the claim shall be pushed against the railroad so that the Government may be reimbursed for the compensation cost, and that anything additional which may be recovered shall go to the postal clerk. Now, there is the same provision exactly in the war-risk insurance act and the same duty under that provision is assigned to the War Risk Bureau as is assigned to us in behalf of railway postal clerks. The railroad administration issued an order on October 28, I think it was, requiring that all suits for damages should be brought against the Director General himself and not against any railroad, and this in spite of the provisions of section 10 of the railroad-control act which were to the effect that claims should be brought against the original railroads just as before the passage of the act, and that no defense should be made on the ground that the suit was against the United States and not against the railroad.

Section 10 contains a clause permitting its provisions to be changed by the order of the President. Now, the order of October 28 seemed to repeal the original provisions of section 10, and that such was the view of the Railroad Administration was apparent by a later order issued by them directing that no claim attorneys or claim agents should make any settlements on account of such cases of soldiers and sailors, but that the case should be investigated and reported. It is our understanding that the Railroad Administration is taking the position that it could not pay any damages on account of these cases. We had a conference with them in regard to such cases under the compensation act, and they have stated the position that as they looked at the matter the limit of what any Government employee should

recover is the scale fixed in the compensation act, entirely regardless of any claim for damages, and that nothing beyond that should be recovered, and so far as they are concerned they would be disinclined to pay any amount.

The CHAIRMAN. That, however, is confining it to the case of governmental employees as such?

Mr. VERRILL. I was going to say that the ground on which they take that position is that the Railroad Administration is merely another branch of the Government and that one branch of the Government should not attempt to recover damages from another branch. In other words, the Railroad Administration, if their position is legal and not open to attack, appears to have taken the position that railroad employees are Government employees for their purpose, if not for our purposes.

The CHAIRMAN. I do not think that would necessarily follow. It might be that they might claim that the railroads should not be held in damage for injury done to some person other than a railroad employee, such other person being a governmental employee?

Mr. VERRILL. Yes, sir.

The CHAIRMAN. Without at the time carrying with it the conclusion that railroad employees as such are Government employees within the meaning of the compensation act?

Mr. VERRILL. Yes, sir.

The CHAIRMAN. It is one thing to claim a limitation upon the liability of the railroads as to the extent of compensation and it is still another thing to transfer that liability entirely by undertaking to make all railroad employees Government employees entitled to the compensation and benefits under the compensation act.

Mr. VERRILL. If we return to your original question, I can only say this, that at the time the railroad control was taken over by proclamation of the President the question did arise, I might say, as a moot question—there was not any particular claim before the commission; I was not at that time a member of the commission—and two of the members of the commission held at that time that the railroad employees were Government employees. As to whether the commission would now hold that, of course, I can not say. I can only speak for one member.

The CHAIRMAN. They have never formally taken any action on the matter?

Mr. VERRILL. Not in any definite claim; no.

Mrs. AXTELL. We can not take definite action on a claim until it is presented.

The CHAIRMAN. I understand you can not and ought not to. Of course, the debates in Congress, together with section 10 of the act and the language of the act generally touching the Federal operation of railroads, would seem to preclude any idea that Congress was making Federal employees of the railroad employees in the sense that Federal employees are considered within the language of the compensation act.

Mr. VERRILL. The intent of the members of the Interstate Commerce Committee is beyond any question; it is particularly clear.

Mrs. AXTELL. Do you not think that the action of Mr. McAdoo has made the railroad employees Government employees?

The CHAIRMAN. I do not. I do not think that any proclamation of the President or any proclamation of the Director General can do that under section 10 of the law.

Mr. VERRILL. That is my view, too.

EXPLOSION AT MORGAN, N. J.—NEWPORT TORPEDO STATION.

Mr. EAGAN. What number of claims have been filed with you regarding the Morgan explosion?

Mr. VERRILL. I can not tell you up to date. The last time I quizzed the claim examiners about it there were something like 40 deaths known.

Mr. EAGAN. Of Government employees?

Mr. VERRILL. Yes; and I think there were about 21 claims that we had; there were a good many. And yet, of course, we had other disasters. For example, there was an explosion at the Newport Torpedo Station long before that, where 14 men were killed, and yet we did not hear much about that. It was in a naval establishment. Several of those employees were young fellows; I think three or four under 20 and one as young as 15, as I recall. They had been there only a short time and getting only moderate wages, and they were just wiped out in the accident. There is one question that arises in those cases and that is the question of dependency. We do not pay for the loss of a son unless the parents can prove dependency—that is, actual dependency. Where parents can not prove actual dependency it is sometimes quite a hardship, and yet all they can see is that it costs the Government \$100 for burial expenses, and yet their sons are wiped right out.

One of the cases that brought forth the biggest protest, I suppose, was the case of a civilian aviator killed in testing airplanes at Buffalo. There were four of those cases, two of them without dependents and two with. The father, in the case where there were no dependents, made a very strong plea. He admitted that he was not dependent but, as I judged it, he wanted an award because of the record. That boy had been in the service almost from the beginning of the war in France; he had been in the French Lafayette Escadrille; he had been in the French Army flying service; he had been in the British Royal Flying Service, and then when we went into the war he left and came back here hoping to get into the American service. He had been flying six years, but he had lost his citizenship. There were two cases quite similar. He lost his citizenship because he had been in the service of another Government and it took time and red tape to get him into the military service; in the meantime he went in as a civilian and was ordered into the air in testing these planes that were not fit to fly and he, with three others, was killed, two in each plane. One of the men in the other plane had been in six years; he had entered the flying service at the beginning of the war and had seen service for all of that time. But we could not do anything in those cases simply because that dependency clause permits us to do nothing, which is probably just exactly what Congress intended. It is hard to make a parent see it in its right light. You gentlemen may have parents coming to you on account of some of those cases

and you will understand we are doing just what the law compels us to do; that is all. We have plenty of sympathy but we can not make awards on that.

SATURDAY, JANUARY 11, 1919.

TARIFF COMMISSION.

STATEMENT OF F. W. TAUSSIG, CHAIRMAN, AND EDWARD P. COSTIGAN, COMMISSIONER, UNITED STATES TARIFF COMMISSION.

GENERAL STATEMENT.

Mr. BYRNES. Doctor, you have submitted an estimate for a deficiency appropriation of \$100,000?

Mr. TAUSSIG. Yes, sir.

Mr. BYRNES. You were given in the last sundry civil bill \$200,000 for the current fiscal year?

Mr. TAUSSIG. Yes.

Mr. BYRNES. Will you please make a statement as to the status of that appropriation and, also, I wish you would state, briefly, what the activities of the commission have been during the past six months.

Mr. TAUSSIG. I have here our monthly report for December, 1918, in which there is a statement of the expenditures of the commission for the first six months of the present fiscal year. The total expenditures are \$102,500, in round numbers—a trifle more than one-half of our appropriation. We have had on our rolls during the autumn a certain number of temporary employees, all of whom, except one, however, have now left us. And we have therefore calculated that continuing on the same basis upon which we ran during the first six months, we should spend during the fiscal year the exact amount of our appropriation.

It is fair to state to the committee, however, that since January 1 we have launched out on some additional expenditures frankly in the hope that the Appropriations Committee would sanction that procedure by an additional appropriation. We did so because we felt that if the work we are asked to do were to be accomplished at all during this fiscal year, we should make our preparations now. We have not definitely committed ourselves with the men with whom we are conferring about joining our staff, but we have told them that we expect them to come in, and, at the same time, that their continued employment was dependent upon an additional appropriation being made. As you are aware, in the act establishing this commission, in 1916, there was a provision that "there is authorized to be appropriated \$300,000." That was not an appropriation, of course, but was an intimation as to what might be expected in the way of expenditures.

In response to your question as to the activities of the commission:

During the past year the United States Tariff Commission has engaged in a great diversity of work, most of which is described in its Second Annual Report. Reference is made to the report for further information on the following topics:

1917-18.

1. Tariff Information Catalogue: This catalogue is to contain information covering each article enumerated in the tariff law, such as a general description of the methods and processes of manufacture, notable divergencies between American and foreign methods, nature and source of supply of materials, domestic production and imports, and all other features that would be of service to Congress in preparing tariff legislation. By the end of the year the catalogue had been virtually completed for 158 commodities, and work was actually in progress on 506 other articles.

2. The commission published reports or tariff handbooks on silk, and manufactures of silk, the button industry, the glass industry, as affected by the war, the surgical instrument industry, and the brush industry.

3. At the close of the year work was in progress on a report upon the revision of the customs administrative laws. This was completed and sent to the Committee on Ways and Means during August of 1918. It had also practically finished a report on dyes and other coal-tar chemicals, containing recommendations for amendments to Title V of the act of September 8, 1916. This report was published during December, 1918. There was also in course of preparation and approaching completion reports on sugar production—imports and competitive conditions; minor acids; heavy chemicals; cotton goods; cotton yarns; agricultural products; free zones; reciprocity and commercial treaties; preferential tariffs within the British Empire; unfair competition in American markets; investigation of foreign tariffs and commercial treaties; French colonial tariffs; German colonial tariffs; Japan's trade during the war; Japan's tariff system; the industrial development of Japan prior to and during the war; the tariff of China; the trade of China; the cotton glove industry in the United States; earthenware and pottery industry.

4. An intensive study was being made of the imports of cotton yarns and cotton cloths.

5. Work is being organized for an investigation of the cost of production of certain commodities. Some data have already been compiled for the manufacture of cork, steel, wool, theorium nitrate, and other chemicals.

6. A systematic study is being made of the inconsistencies and inequalities in the act of 1913.

7. The members of the commission itself and of its staff have been called from their regular duties in order to aid in various war activities.

8. The commission has furnished information to various Government departments and commissions.

1919-20.

During 1919 and 1920 the commission will continue and extend the work organized during 1918, and in addition—

1. It will study the tariff systems of other countries. In fact, work has already been organized for a study of the tariff systems of Italy, France, Germany, Spain, and Siam.

2. Digests or abstracts are being prepared for all of the commercial treaties, conventions, etc. (approximately 1,000 in number) that were in force between treaty-making powers in July, 1914, together with the few that have gone into effect since that date.

3. A more extended investigation will be made of the cost of manufacture in the United States and possibly in foreign countries.

4. Comparative data of domestic and foreign prices of articles affected by the tariff will be compiled.

5. Make an investigation of the textile industries, with particular reference to manufacturing costs and to the application of ad valorem or specific duties.

The above is an outline of some of the principal activities of the commission and will serve to illustrate the scope of its work. It has endeavored to carry into effect all of the various provisions contained in its organic law of September 8, 1916.

Of course during the first year when we were beginning, we did not spend anything like that sum. Last year 1917-18 we spent about \$180,000 which was less than the \$300,000 we might have expended,

but we did not do so because we did not find it profitable to organize our staff; we did not have our staff going nor our plans laid.

Mr. BYRNES. You had an appropriation of \$300,000 in 1918?

Mr. TAUSSIG. Yes; in 1918, but we did not spend more than we could profitably.

Mr. BYRNES. And that was so in 1917—\$300,000 was appropriated?

Mr. TAUSSIG. Yes. In 1917, however, we began work on the 1st of April, 1917, so that there were only three months of that fiscal year during which we could expend the appropriation. For the current fiscal year, for the first six months, we lived strictly within the limits of our appropriation, and we shall continue to do so if no further money is appropriated. But we are planning during the second half of this fiscal year a considerable series of investigations, of a sort which we think are desirable and necessary.

COST INVESTIGATIONS—COTTON.

The most important of these, and the most expensive, are cost investigations. Those need a large staff and need a staff of persons to travel through the country, accountants who get their per diem. And those are investigations which have got to be made if you want to get at the information which I suppose Congress wants of the relative position of foreign and domestic industries.

For the immediate future we are particularly planning to make investigations as to the conversion costs of the textile industries of cottons, silks, and woollens. We have begun those for the cottons, starting on the cottons alone, and we have some promising results.

I do not know how much time you want me to take with a statement covering our investigations.

Mr. CANNON. You say cotton industries; do you mean cotton manufactures?

Mr. TAUSSIG. Manufactures of cottons.

Mr. CANNON. You do not propose to do the work of the Agricultural Bureau?

Mr. TAUSSIG. No. In 1909 we had specific duties on cottons going back for a number of years. In 1913 we had an ad valorem duty. The specific duty on cotton cloth is on the conversion of cottons. The raw material is part, but a small part, in the cost of manufacture. A duty of 2 cents per yard on the cheaper grades of cotton may be, upon the conversion cost, 100 per cent or may be 150 per cent. Again, we had in 1913, ad valorem duties on cottons.

Mr. COSTIGAN. Beginning at and running up.

Mr. TAUSSIG. The ad valorem duty on cottons is chiefly influenced by the price of raw material. That 5 per cent duty is levied upon the cost of cotton itself and not on the cost of manufacture. If cotton is selling for 25 cents a pound, 5 per cent is a very heavy duty; but if cotton is selling for only 6 cents a pound, then it is very little.

The actual ad valorem duty imposed in the act of 1913, beginning with yarns, starts at 5 per cent and runs up to 45 per cent. Nobody knows, no manufacturer knows, what are the conversion costs of cotton; we are making an investigation now as to the costs in 1913 and through 1917, and we propose to keep it up, so that we shall at least know what the 5 per cent, 10 per cent, 12½ per cent, 15 per cent, and 20 per cent ad valorem duties on cotton amount to. We

propose to make those same investigations for specific duties as of 1909. This is the first scientific investigation of specific and ad valorem duties that has ever been made. I do not know what conclusions it may lead to as to the plan of levying future duties, but this investigation will bring out what Congress really needs to know.

I may say, by way of illustration, we have already found on certain of the lower cottons that some of the specific duties of 1909 amounted to 400 per cent on some of the cheaper cottons, rates which were practically prohibitory. A 5 per cent duty on some cotton yarns sometimes amounts to a protective duty of 35 per cent on the cheaper yarns. Of course, the conversion cost is a very low item and the cost of the raw cotton is a very high one. That investigation has been scheduled and has been started.

We want to do the same thing for silks and the same thing for woolens. Mr. Costigan and I were in Boston just after your meeting the other day and we had a conference with the executive committee of the tariff committee with regard to the desirability and practicability of cost investigations. I think they were practically unanimous in the opinion that so far as comparative inquiries of American and European costs for the immediate future were concerned, the situation is so complicated and so uncertain that it is not worth while to undertake it. The committee was, on the other hand, pretty clearly of the opinion that an investigation of the conversions costs is advisable and desirable, and promised the fullest cooperation.

PRODUCING SUGAR BEETS

(See p. 666.)

Now, there are other sorts of cost investigations which we wish to undertake and which I think I may best illustrate by a chart. This chart [exhibiting chart] indicates the results of the investigation as to the cost of producing sugar beets. This horizontal line indicates the quantities produced; that is, a concern which has a wide base is one which produces a large amount; a concern which has a narrow base produces a very small amount.

Mr. CANNON. Produced where?

Mr. TAUSSIG. In the United States.

Mr. CANNON. This is a United States map, only?

Mr. TAUSSIG. For beet sugar only; it does not include the Louisiana cane sugar, for instance.

Mr. MONDELL. Each parallelogram indicates one operation?

Mr. TAUSSIG. One concern, Mr. Mondell, except in the one instance where the parallelograms indicate one concern which operates a large number of establishments, a consolidated concern, and the total products of the consolidation.

Mr. CANNON. That is confined to the various beet-sugar factories in the United States and involves an investigation, I suppose, that would cover getting to the market?

Mr. TAUSSIG. It includes market costs, but does not, of course, include the retail market costs. It includes the manufacturer's market costs—the price at which he sells to the wholesaler.

Mr. CANNON. Precisely; but does it include the difference in cost of transportation?

Mr. TAUSSIG. No. It includes his ordinary marketing costs.

Mr. CANNON. Have you got it by States there?

Mr. TAUSSIG. We have it in our records by States.

Mr. CANNON. Can you give us that from your recollection?

Mr. TAUSSIG. Yes. Michigan is along there upon the whole; California is along there—California and Colorado are along there; Utah is along there upon the whole. And at the same time you will find some low-cost factories in Michigan and some high-cost factories in the West.

Mr. BYRNES. But you have averaged them?

Mr. TAUSSIG. Oh, no.

Mr. BYRNES. For instance, this block represents 10 factories?

Mr. TAUSSIG. That is averaged, because that concern makes a consolidated return for all the factories. This is not averaged [indicating]; that is one concern which is an establishment of considerable size. If you will look at this chart, you will see at a glance that the big establishments are the big producers. Narrow parallelograms indicate concerns which are producing small quantities; wide parallelograms, those which are producing large quantities.

Mr. BYRNES. What is this parallelogram [indicating] that is so narrow and yet the costs are comparatively cheaper?

Mr. TAUSSIG. I do not know. It may be some California concern which gets its beets cheaper.

Mr. CANNON. Does it cover the amounts of production?

Mr. TAUSSIG. Those amounts are indicated here. The concerns with very narrow bases have very high costs, they are all small concerns.

Mr. MONDELL. And the relative amounts are indicated by the base?

Mr. TAUSSIG. The relative amounts are indicated by the breadth of the parallelograms.

Mr. BYRNES. What do these figures represent on the right?

Mr. TAUSSIG. They represent dollars per ton. Here is the New York price; it is \$147 per ton. I think that was the New York price. That was the price which rules in that year.

Mr. CANNON. The horizontal line represents the total?

Mr. TAUSSIG. The horizontal line represents the total; that is, the price at which the sugar sold. It means all those whose costs are below the line made some profit; those much below it a larger profit; those above it a loss.

Mr. MONDELL. That upper line is the New York price.

Mr. TAUSSIG. Yes.

Mr. MONDELL. Now as a matter of fact, all the factories did not realize the New York price?

Mr. TAUSSIG. That of course varies according to the transportation conditions. In Chicago, the price increases as you go west; the sugar price increases as you go west. The Chicago differential is added.

Mr. MONDELL. But within a given district a certain factory might have had a considerable freight charge over and above other factories in the same district?

Mr. TAUSSIG. The freight charge upon a refiner of sugar is a comparatively small item; it does not amount to much, does not make much difference.

Mr. MONDELL. So that you think those freight differentials are not great enough and that for the purpose of comparison it is fair to assume the New York price?

Mr. TAUSSIG. I do not think so, I know so. They do not amount to anything. They are small items as compared with the other things.

I do not mean to enter into detail, but I simply wish to indicate that we have this not only for beet sugar, but for the cane, and we have it for the Hawaiian and for the Porto Rican and we have it for the Cuban cane sugar concerns. We know what the competitive conditions are in regard to that industry for the whole outfit. We are fortunate in this particular case in that a foreign competitor is in a country (Cuba), where we can get at it and make an investigation to advantage. We have now a report—it is not ready for distribution, but it is in the hands of the printer—in which we can present really with almost mathematical accuracy what is going to happen with regards to this sugar.

Mr. CANNON. Did you take into consideration the 20 per cent advantage which they have?

Mr. TAUSSIG. Yes. We figured the Cuban duty at 1 cent a pound. That is the kind of work which I believe our Tariff Commission can advantageously do; simply states the facts of the situation, and what Congress does about it is none of our concern.

Mr. BYRNES. What other investigations have you been engaged on during the last six months?

DYE, WOOL, AND COAL-TAR INVESTIGATIONS.

(See p. 668.)

Mr. TAUSSIG. There is the result of an extended investigation upon the dye and coal-tar situation, which is the second installment of an investigation of that kind. In 1918, in the early part of the year, we published a census of dyestuffs and coal-tar chemicals. We have now supplemented that by a careful study of the act of 1916, imposing duties upon dyestuffs.

Mr. CANNON. Of course, you could not take into consideration the benefit to the United States of having a 20 per cent reduction upon all of our exports that we market in Cuba?

Mr. TAUSSIG. No, Mr. Cannon, but since you touch that subject—we are now publishing, as a result of a different investigation, a very detailed inquiry upon the reciprocity treaty with Cuba, in which an analysis is made of our exports to Cuba, of the way in which those exports have been influenced by the treaty and of the influence of the Cuban sugar arrangement upon the trade relations between the United States and Cuba. That is an entirely different investigation, but one of course connected with this.

BEET-SUGAR INVESTIGATION.

(See p. 664.)

Mr. CANNON. I recollect being in the House one day when they were discussing the influence of the beet-sugar industry upon the speculative power that the refiners had on the beet sugar in New York and Philadelphia, and that when the beet sugar came in they took part of that territory and perhaps the greater portion of the country receiving the advantage of that competition in the price of

sugar when they came into the market. All of that, of course, you are more familiar with than I am. Was that taken into consideration?

Mr. TAUSSIG. Yes; that is in the printed report, in the text which discusses these statistics. I may say, also, we have undertaken an investigation of the refiners' costs, the costs of refining sugar, the refiner's own elements, beginning with 1913. This is to be carried through 1918, and when the figures for 1918 are completely in (which they will be in about four weeks from now), we purpose publishing the results of the investigation so that the refiner will know the costs on his business, which are different, of course, from the raw-sugar end.

Mr. MONDELL. Just one question more. I assume that when you came to make your report, your general report, on sugar, for instance, for the guidance of Congress, you will of course attach an analysis of all of the facts you have studied affecting the industry?

Mr. TAUSSIG. Yes.

Mr. MONDELL. The costs at home and abroad?

Mr. TAUSSIG. Yes.

Mr. MONDELL. The effect on the price, as near as you are able to determine it? Of course, that is somewhat a matter of opinion.

Mr. TAUSSIG. Not in the case of sugar.

Mr. MONDELL. The figures are so definite that the element of opinion is largely eliminated?

Mr. TAUSSIG. In that case; yes.

Mr. MONDELL. You can say approximately definitely?

Mr. TAUSSIG. Within a fraction of a cent, yes.

Mr. MONDELL. You can say approximately definitely what the effect is as a market proposition?

Mr. TAUSSIG. Yes; we have it.

Mr. MONDELL. So that these various elements which have been questions of opinion heretofore, all of which affect the question of duty, you intend to present in a definite form?

Mr. TAUSSIG. Yes. I think so far as the facts are concerned, we have them very straight and very definite, as definite as they can be in any case.

Mr. CANNON. Right at that point: It was alleged that in Germany and possibly in Russia at one time, they gave a bounty direct or indirect, on export shipments. It was alleged further that they could produce beet-sugar cheaper than we could, on account of labor conditions. You could not go into the labor proposition?

Mr. TAUSSIG. No. We have not gone into the continental beet-sugar matter at all, because it does not affect the cost. That is all refined sugar, and the duty upon refined sugar is so high, as compared with the duty on raw sugar, that there is no importation of it at all.

Mr. CANNON. Without regard to the price for raw sugar that might be paid?

Mr. TAUSSIG. Yes; quite without regard to that. The effective duty upon refined sugar is so high, as compared with the effective duty upon raw sugar, that there has been no possibility of importation within the last 15 years.

Mr. CANNON. That is true, but we might modify the duty on refined and increase it on raw, so far as that is concerned?

DYESTUFF INDUSTRY.

(See p. 666.)

Mr. TAUSSIG. Yes. I wish to say with regard to this dyestuffs bill, that it is peculiar in this regard: Congress has established a policy. In regard to sugar, we make no legislative recommendation whatever; that is none of our business; that is a question of policy for Congress to decide. But in the case of the dyestuffs, Congress did assert a policy in 1916. That being the case, we have now drafted an act for carrying out that policy. We have taken the act of 1916 and in places have found defects, such as the possibility of evasion, bad classification, inaccurate enumeration of commodities. If you will look at page 33, you will see you have a bill to amend Title V of the act of 1916. You can see below there are certain erasures and italicized phrases, certain changes made in the original bill. Opposite each one of those you will find a number. Take, for instance, No. 3, under the free list. Now pass on to page 41, and you will find there, under No. 3, a detailed explanation of why that change is made and what it means. And if you go through the act, you will see every one of the changes numbered, and opposite the number in each case there is in the text a detailed statement of why the change is made and why we make the recommendation. In other words, we have carefully studied every detail of that act and have proposed amendments which will simply carry out the intention of Congress as expressed in the act of 1916.

Mr. MONDELL. You assumed the intent of Congress to be to establish a dyestuffs industry in the United States?

Mr. TAUSSIG. No; we assumed the intent of Congress to be to impose certain duties upon intermediates and finished products and Congress failed to do it. The intent of Congress was to bring about certain duties, and the intent underlying that, of course, was to establish a dyestuffs industry. Our object was simply to perfect that legislation, to carry out effectively what Congress started out to do, but which, partly because of changes which have taken place since then and partly because of careless drafting of the act of 1916, Congress failed to do so.

Mr. MONDELL. In drafting your act, or before drafting it, did you go into the question as to whether or not the rates established in the act of 1916 were adequate if it was the purpose of Congress to establish and maintain a dyestuffs industry in the United States?

Mr. TAUSSIG. No; not in this act.

Mr. MONDELL. Then what you have tried to do is to perfect the phraseology and technique of the bill?

Mr. TAUSSIG. Yes. When it comes to the further question of whether additional or different legislation is required, we have in our lists a mass of material for that purpose and are ready to appear before the Committee on Ways and Means whenever we are summoned and to give the additional information; and what the committee may want to do or what Congress may want to do will depend on the question of the policy Congress may adopt, which we do not know.

Mr. CANNON. You spoke of 1916?

Mr. TAUSSIG. Yes.

Mr. CANNON. There has been no legislation since that time?

Mr. TAUSSIG. Not yet.

Mr. CANNON. There has been no necessity for it; the war was a prohibition?

Mr. TAUSSIG. Yes.

Mr. CANNON. Have you studied the condition of the dyestuffs industry now?

Mr. TAUSSIG. Yes. We have for 1917 a census of every dyestuffs article manufactured in this country, where it was made, by whom it was made, and its valuation. We are now taking a census for 1918; that is, the schedules were sent out in December and we expect to have that second census ready in three months. It takes some time to get the figures in. And we are now sending a man abroad to find out what the situation is in France.

Mr. CANNON. It is claimed—I heard it claimed—that from the standpoint of necessity the dyestuffs in this country had been so perfected that with reasonable protection we will dominate the market?

Mr. TAUSSIG. We have a mass of information in our office on that subject. It is a very complex situation and I think it will take a great deal of time to go into it.

Mr. MONDELL. But all you have done now in the way of drafting legislation is to perfect the phraseology and technique of the imperfect matter in the bill?

Mr. TAUSSIG. And also the classification of the commodities. Some things which are classified as intermediates ought to be classed as finished commodities. That advances their duty. We assume that was the intent of Congress. It is something more than the technical meaning.

Mr. MONDELL. As to whether or not Congress might desire or find it necessary or believe it necessary to modify the rates, that is something that would have to be determined on the information you are now attempting to gather?

Mr. TAUSSIG. Yes; and also upon the basis of the general policy which Congress wishes to see established, on the information which we are attempting to get and a large part of which we already have.

Mr. MONDELL. I am speaking on the assumption Congress, in passing the act of 1916, did, so far as dyestuffs were concerned, adopt a policy of protection with a view to creating an industry?

Mr. TAUSSIG. Yes. We can now make a forecast as to just what this act of 1916, if amended in the way we are proposing it shall be amended, will probably accomplish. We can tell you that. Although to a certain extent it is a matter of rates, we can tell what has been said upon that subject.

Mr. MONDELL. Won't you find it pretty difficult to determine that, in view of the rather abnormal wage conditions at home?

Mr. TAUSSIG. Certainly.

Mr. MONDELL. And what I assume must be the altogether chaotic wage conditions abroad?

Mr. TAUSSIG. They are not more chaotic than they are here. If you will look at that, I will ask Mr. Costigan, who has been in special charge of that investigation, to speak to you. And there is a report and recommendation to Congress upon the revision of the customs administrative laws.

ADMINISTRATION OF CUSTOMS LAWS.

Mr. COSTIGAN. Section 702 of the act creating the commission states, in part, that it shall be the duty of the commission to investigate the administration of the customs laws of this country.

Shortly after the commission was organized, it undertook such an investigation. The results are embodied in the report you have. The work, as you will surmise, is entirely disinterested in character. We found that not since 1799 has there been any revision of the customs administrative laws of this country, and that only in 1890 was there anything like a partial effort in that direction. This report represents the first genuine attempt to consider the laws upon the subject as a whole and to eliminate numerous inconsistencies, ambiguities, repetitions, and antiquated provisions. We made a full investigation before preparing this report, consulting all parties in interest, the public, merchants, customs attorneys, manufacturers, and Government officials, inviting their criticisms and suggestions, and we are convinced we have a report which is entitled to the immediate consideration of Congress. We have placed in parallel columns the present law and the suggested revision.

As a result of our conferences and investigation, we have recommended some changes in the law tending to simplicity and convenience of operation, economy, and efficiency.

The report further well illustrates what Chairman Taussig has spoken of, the sort of work the commission has done and is doing.

Mr. MONDELL. How recently did you issue this report?

Mr. COSTIGAN. Sometime in the early fall.

Mr. MONDELL. What is the date of the letter of transmittal?

Mr. TAUSSIG. The letter of transmittal is dated August 26, 1918.

ORGANIZATION AND MEMBERSHIP OF COMMISSION.

Mr. CANNON. Your board had five members?

Mr. COSTIGAN. Six members.

Mr. CANNON. Who succeeded Mr. Roper?

Mr. TAUSSIG. Mr. Thomas W. Page, of Virginia.

Mr. CANNON. Is that the one who died?

Mr. TAUSSIG. No; he was a member of the former tariff board under President Taft.

Mr. CANNON. This board was supposed to be nonpartisan; what has become of Kent?

Mr. TAUSSIG. He is still there; he is still a member.

Mr. CANNON. Is he in active service?

Mr. TAUSSIG. He is on the commission; yes, sir.

Mr. BYRNES. Suppose you state who now compose the board.

Mr. TAUSSIG. Myself, F. W. Taussig; Thomas W. Page, of Virginia, vice chairman; Mr. Costigan, of Colorado, whom you have with you; Mr. William S. Culbertson, of Kansas; Commissioner Kent, whom you know—Mr. William Kent; and Mr. David Lewis, who was a former Congressman from Maryland. I ought to state that Mr. Lewis is not in active service at this time, because some months ago, under the Overman Act, he was designated to serve for Postmaster General Burleson in taking over the telegraph and telephone wires by the administration and his entire time and labor are now given

to that work in connection with the post office, although we continue to pay his salary.

Mr. CANNON. When you speak of the members of the board, you are an educator?

Mr. TAUSSIG. Yes.

Mr. CANNON. Not offensively, but what are your politics; have you any politics?

Mr. TAUSSIG. I voted for President Roosevelt and President McKinley; I voted twice for President Wilson. I am regarded on the Massachusetts voting list as a Republican. In the year in which that record was taken, the only office to be elected was the governor and I voted for the Republican governor. When my appointment was before the Senate, Senator Penrose said I was a Democrat and Senator Underwood said I was a Republican.

Mr. BYRNES. You let them have a mistrial?

Mr. TAUSSIG. Yes.

Mr. CANNON. Who succeeded Mr. Roper?

Mr. TAUSSIG. Commissioner Page, who is a Democrat.

Mr. CANNON. What is his business?

Mr. TAUSSIG. He was professor of economics of the University of Virginia, and a member of the Virginia tax commission.

Mr. CANNON. Who is the next one?

Mr. TAUSSIG. Mr. Costigan.

Mr. CANNON. From Colorado?

Mr. COSTIGAN. Yes, sir.

Mr. CANNON. Tell us your politics?

Mr. COSTIGAN. I was a Republican until 1912. In 1912, I became a member of the Progressive Party and candidate for governor of the State of Colorado on the same ticket on which ex-President Roosevelt was candidate for President. In 1916 I went as a delegate to the Progressive national convention in Chicago and after its adjournment, without separating myself from the Progressive Party and expressly reserving my connections with that party, I announced my support of President Wilson. I regard myself as a Progressive, with Republican antecedents.

Mr. CANNON. But when it comes to voting, sometimes one way and sometimes the other?

Mr. COSTIGAN. I speak only of the facts. My future will of course be determined by events.

Mr. CANNON. Who is the next one?

Mr. TAUSSIG. Mr. Culbertson, of Kansas, is a Republican, and Mr. William Kent.

Mr. CANNON. Culbertson kept the faith, or did he vote for Wilson?

Mr. COSTIGAN. I am unable to say, but I have always understood he remained with the Republican Party.

Mr. TAUSSIG. I know he voted for Hughes. Whether he voted for Taft and Roosevelt I do not know. Mr. Page is a Democrat, and Mr. David Lewis, of course, is a Democrat. Of course you understand, Mr. Cannon, that the commission is in no way responsible for its own personnel. That was the President's affair.

DUTIES AND POLICIES OF THE COMMISSION.

Mr. BYRNES. What has been the attitude of the commission, Doctor, with regard to its ascertainment of the facts; what has been its viewpoint of its duty in the premises?

Mr. TAUSSIG. We have approached the matter solely with a desire to ascertain all the pertinent facts as fully and carefully and exactly as it is possible to do.

Mr. BYRNES. Without any regard to opinions you may have held?

Mr. TAUSSIG. Without regard to any questions of policy involved, the questions of policy are for the determination of Congress. The business of the commission is to ascertain the facts which Congress should know in order to carry out any policy which Congress may decide to adopt.

Mr. BYRNES. That is your view, but how about the other members of the commission?

Mr. TAUSSIG. That is the view of all of the members of the commission, unqualifiedly.

Mr. COSTIGAN. We consider that the intent of the act.

Mr. TAUSSIG. We interpret that to be the intent of the act, and there has never been any discussion of politics in any investigation.

Mr. CANNON. In connection with the question of Mr. Byrnes and of your estimate, entering into the matter of legislation, from a Republican standpoint the duty ought to be sufficiently high to make up what is considered to be the difference between the cost of production here and the cost of production in a competing country or countries. That is a matter of policy. Of course, there are a large number of people who want to buy in the cheapest and to sell in the dearest market. Now, from that standpoint, you have \$200,000 appropriated for the current year and have observed the law in that in the first six months you have only spent half of it, leaving the other half to be expended during the last six months.

INVESTIGATIONS IN THE UNITED STATES AND ABROAD—TARIFF COMMISSION CATALOGUE.

(See pp. 675, 676.)

You come now and ask for an appropriation of \$100,000 to enable you to make investigations, both in the United States and in the world, notably in Europe and portions of Asia, of course. Have you considered the question of the revolutionary condition everywhere, except amongst our allies in this war, as to how valuable at this time an investigation of that kind would be to affect legislation from the standpoint of the fact, as it is reasonable to expect and at least hoped for, as against whether the legislation might be in order?

Mr. TAUSSIG. We do not expect in the immediate future to undertake any detailed cost investigations abroad, because we believe the conditions are so disturbed that the results would be of very doubtful value. We do expect to send representatives abroad to ascertain what the general conditions of some of the important industries are as a guide to the probable condition of competition in the immediate future; but we do not believe detailed cost investigations are now expedient. We are convinced, however, as regards the condition of the industries of this country that a great mass of information is desirable which is not now at the disposal of Congress, and we have

been unable to touch, except very lightly, on the three great textile industries, their conditions, their developments, the rates of duty, the effective rates of duty, as well as the question of the ad valorem and specific duties, and these we wish to take up. We are preparing and our most important job is what we call the Tariff Information Catalogue, which is an encyclopedia of information, really, upon every item in the tariff.

We propose to construct for each item in the tariff, beginning with abrasives, a summary of their condition, as to imports, exports, rates of duty in the United States, rates of duty in foreign countries, development of domestic industries as affected by foreign production, and what can be ascertained about competitive conditions. We have now completed those units for 158 items, and for 506 others the collection of such information is in progress. There are about 3,000 to be covered; some of them are of great importance, steel rails, for instance. Abrasives is a considerable one. Some are little bits of things, like the matter of some small chemicals and can be disposed of in a couple of sentences. Some, like the finer cotton goods, so-called war babies, are industries which have suddenly been brought into operation by the war, in regard to whose condition it is very difficult to get information. The Tariff Information Catalogue is a summary in which your Committee on Ways and Means will find for each article a statement of all the information, in summary form, which can be gotten together. That we regard as the chief object, and it is chiefly for the purpose of putting that through that we want more money. We have done that for sugar and we have done it for dyestuffs, because they are important and continuous articles. We have not done it at all—we have men at work, but we have not obtained the information we need for the great large facts—for wool, and we need to do more intensive investigation on wool before we can ever make any determinations.

Mr. CANNON. There is a great contest in this country and will continue to be about wages between the employer and the employee. The employees all desire more wages, some of them, perhaps, not hoping to get it but to hold what they have. The value of the purchasing power of a dollar being larger than it was, possibly may be smaller or greater before there is any revenue legislation. In New York they have a great contest now that threatens to tie up the port. I hope it will be solved and peaceably solved. But the question in my mind is whether you had better not confine yourselves to these investigations without extending the same at additional expense, for the coming six months, until we see what happens. You are asking for \$100,000 here, and it seems to me the factors in which production in the United States and the production abroad—in gathering the facts it seems to me they are liable in 12 months from this time or in 2 years from this time not to be the facts which then obtain.

Mr. TAUSSIG. Yes; but we propose that this Tariff Commission Catalogue shall be kept up to date; we do not propose to stop now and then let it fossilize, but to keep right at it with the continuation of the development. And of course when you have once finished a subject it can easily be kept up to date.

Mr. BYRNES. How do you collect that information?

Mr. TAUSSIG. Purely by statistics. We get a great deal of help from other Government departments, and we send men out into the field.

Mr. BYRNES. How do you propose to keep it up?

Mr. TAUSSIG. We propose to keep it up by keeping some members of the staff continuously on it. We have the men who took the dyestuffs census in 1917. The same people are taking the dyestuffs census for 1918. We have a sugar man who prepared those charts and who is keeping track on sugar from year to year. For some subjects that is not necessary because there is little change from year to year.

Mr. BYRNES. Then, if you have them now engaged upon that work, what is the necessity for an additional appropriation?

Mr. TAUSSIG. We haven't got them.

Mr. BYRNES. You propose to engage that staff?

Mr. TAUSSIG. Yes. We have not got them; only a portion of them. 158 units are completed up to date; 508 are in progress, and there are about 3,000 in all.

Mr. BYRNES. And if you are to make the catalogue complete, you will have to have an additional force?

Mr. TAUSSIG. We should have to have an additional force. We are proposing an expenditure at the rate of \$400,000 a year in the second half of this year; we have \$100,000 and ask for a deficiency appropriation of an additional \$100,000. I guarantee to spend all of that money usefully, and we do not propose to spend any more money than we can spend usefully. It depends upon getting the staff and getting the men. We were hampered very much during the war; the War Trade Board and the Federal Trade Board were commanding men at very much higher salaries than we could possibly pay, and it has been difficult to get a good staff, but now a good many of those men are coming back to us.

SALARIES AND EXPENSES OF STAFF.

Mr. CANNON. What I would like to have is the personnel of your staff and the salaries which they receive and the expenses, with or without the expenses, that you have in making your investigations. That gives the individuals, the salaries they receive, and what they get in the shape of expenditures when they are traveling; in other words, the whole overhead.

Mr. TAUSSIG. I can send that to you.

Mr. MONDELL. And I wish you would make it complete when you put it in your hearing.

Mr. TAUSSIG. Yes.

The following statement shows the expenditures of the commission from July 1, 1917, to June 30, 1918:

Salaries of commissioners.....	\$41, 979. 16
Salaries of staff.....	105, 370. 82
Rent of offices.....	12, 473. 11
Furniture, equipment, etc.....	12, 764. 16
Traveling expenses.....	7, 354. 74
Total.....	179, 941. 99

A detailed classification of the personnel of the commission is shown in the following statement:

Commissioners.....	6
Secretary.....	1
Clerks to commissioners.....	3
Special experts.....	28
Clerks.....	41
Messengers.....	3
Telephone operator.....	1
Laborer.....	1
Total.....	84

Employees of the commission engaged in field work receive their actual and necessary expenses of transportation, and an allowance of \$4 per day in lieu of subsistence.

INVESTIGATION OF RECIPROCITY AND COMMERCIAL TREATIES.

Mr. MONDELL. Now what other investigations have you?

Mr. TAUSSIG. Reciprocity and commercial treaties of which I have already spoken.

Mr. MONDELL. You have not in detail.

Mr. TAUSSIG. No. Shall I go into detail?

Mr. MONDELL. Tell us about them briefly.

Mr. TAUSSIG. The page proof is completed and the index prepared and that is in the hands of the printer. In connection with our trade with Japan during the war, a report which is part of the foreign investigations and which deals with the development of Japanese trade and the treaty conditions is being printed and the proof is coming in.

INVESTIGATIONS GENERALLY.

(See pp. 672, 676.)

An investigation of the minor acids in connection with the coal-tar products in the chemical schedule, as to the conditions of production, foreign competition and development; an investigation of the heavy chemicals, such as sulphuric acid and fertilizers, covering methods of production, foreign competition and development; an investigation of cotton yarns, a detailed investigation of the kind of cotton yarns made in this country and those cottons which continue to be imported into this country and, when imported, what happens.

A similar investigation is being made of cotton cloths, especially the kinds of cotton cloths which continue to be imported and what happens when so imported. Sugar I have already spoken of. That report is completed and already in the hands of the printer. Investigations of free zones and free ports have also been completed and are now in the printer's hands. Investigation of the tariff relations that affect any agricultural products is very far advanced and will be ready to put in the printer's hands very soon.

Mr. MONDELL. That is studied separate and apart from the general study of reciprocity?

Mr. TAUSSIG. Oh, yes. Then a special study of the relations of wheat and oats, barley, flaxseed, and so forth. We have an investigation upon unfair foreign competition, dumping—both dumping into the United States and dumping out of the United States. That has fairly well progressed, but it is not advanced to a stage where we can say how soon we are going to publish anything.

DISCRETIONARY POWER TO RAISE OR LOWER RATES.

Mr. CANNON. Right at that point, are you going to discuss under our form of Government that you have to have legislation that remains upon the statute book until other legislation is had?

Mr. TAUSSIG. Yes.

Mr. CANNON. And it is stated, and I presume is true, that in Canada and perhaps in Great Britain, possibly in Germany, in council, in the twinkling of an eye, they can raise or lower the duties? That I think is especially true, or at least alleged to be true, as to Canada.

Mr. TAUSSIG. They have certain discretionary provisions in the Canadian tariff act which enable them to act with a great deal of freedom.

INVESTIGATIONS GENERALLY.

(See pp. 672, 675.)

And we are making an investigation of what we call the inequalities and inconsistencies of the act of 1913 which have developed because of court and Treasury decisions, where it appears things have happened which Congress did not contemplate. We are systematically going through the tariff act of 1913 and calling attention to these inequalities and inconsistencies, and that work is in charge of the same man who handled the dye-stuffs investigation. We are making a somewhat extended investigation of foreign trade conditions. Some of these are complete and some in process. Then, of course, most important of all and the biggest job of all is the Tariff Information Catalogue. That is the main job and upon that we can put all the men we can find; it is simply a question of getting a sufficient number of competent men.

Mr. BYRNES. How near completion is it?

Mr. TAUSSIG. Oh, it is just beginning. As I say, there are about 3,000 articles, and 158 are completed and 506 have been started.

INCREASE IN FORCE.

(See p. 677.)

Mr. BYRNES. If your force is not increased, do you have any hope of being able to make much progress?

Mr. TAUSSIG. No more rapid progress than we have made heretofore.

Mr. BYRNES. And it would be some time before it would be of any great value to Congress, then?

Mr. TAUSSIG. I think on the articles which we have already covered that it is of great value to Congress now.

Mr. BYRNES. But only on the articles which you have completed?

Mr. TAUSSIG. Only upon those articles which are covered.

Mr. CANNON. And you have covered about 506?

Mr. TAUSSIG. Not so many; we have not covered them, but we have taken in about 650, and upon those we have a good deal of information, although only 158 are what we call technically completed. Five hundred and six are well in progress.

Mr. CANNON. How many in all?

Mr. TAUSSIG. About 3,000 in all.

Mr. CANNON. It will take you some years to complete them?

Mr. TAUSSIG. No; not if we get an adequate force. And for instance, you have to remember that when the man on yarns, cotton yarns, has completed that, he has a considerable amount of information which will help him in completing the investigation on cotton cloths. And the same way with steel rails, iron, and steel, the production of the ore, the production of pig iron, the production of zinc ore and zinc and zinc spelter; I do not know that those are completed, but men who have handled them have learned a great deal about them which will enable them to complete the others very much more quickly, because they have the training.

POLICY OF PROTECTION.

Mr. CANNON. Is there anybody upon this tariff board who believes in the policy of protection in our revenue legislation?

Mr. TAUSSIG. I am convinced Mr. Culbertson does. How far Mr. Kent does, I do not know.

Mr. COSTIGAN. I am convinced that there are several members who believe in it in some degree. The disposition of the members of the commission has been not to discuss protection or free trade. I have not talked over the question in that form with any members. In fact, different commissioners have gone so far as to say to me that it is the one subject they will not discuss, because without reference to theoretical inclination toward protection or free trade they regard themselves as in a somewhat judicial position in investigating the facts in industry. Personally, I have no hesitation in saying to you that in particular cases in the past I have gone on record in favor of reasonable governmental efforts to assure certain industrial and labor conditions by different means, including carefully determined tariff duties.

Mr. CANNON. I only ask it not as an objection to but in favor of any member of the commission. Without reflecting upon anybody, it seems to me if it was not so constituted it ought to have been so constituted that at least a minority and a real minority of that commission believe in the policy of adequate protection.

INCREASE IN FORCE.

(Page p. 676.)

Mr. BYRNES. Doctor, the organization that you propose to establish with this additional \$100,000 would be an organization which would cost you annually \$400,000?

Mr. TAUSSIG. Not necessarily.

Mr. CANNON. If continued?

Mr. TAUSSIG. If continued; yes.

Mr. BYRNES. I am basing it on your statement now that you propose to establish your organization.

Mr. TAUSSIG. We could usefully continue it. Some of the men we will take on the 1st of January are men we could not expect to keep much after the 1st of October, because I know they are going to work in other directions after the 1st of October.

Mr. BYRNES. Here is what I have in mind: If this committee granted you a deficiency appropriation of \$100,000, you would then

have an organization which would mean for the next fiscal year an expenditure of \$400,000?

Mr. TAUSSIG. It would be running at the rate of \$400,000.

Mr. BYRNES. Unless you reduced it?

Mr. TAUSSIG. Unless we should reduce it and if we were to spend all the money.

Mr. BYRNES. How large an increase, or how large a deficiency would you want in order to establish an organization which would cost you hereafter \$300,000 a year?

Mr. TAUSSIG. Evidently we need \$50,000 more. If we get \$50,000 more for this half year, we will be running for this half year at the rate of \$300,000.

Mr. BYRNES. The amount which was appropriated for the first two years?

Mr. TAUSSIG. Yes.

Mr. BYRNES. And if it is the opinion of the committee that you should have an organization costing \$300,000, you will be informed by the appropriation of \$50,000 that that is the desire of the committee and govern yourselves accordingly?

Mr. TAUSSIG. Yes; and if the committee believes there is no slack to be taken up for the work which we failed to do during the first fiscal year. Of course, we are getting intimations that there is a great deal of work to be taken up, but I would not look forward to the work being permanent on its basis for this next half year or for next year.

Mr. BYRNES. But the estimate you have made as it applies to this deficiency would apply to getting \$400,000 for the next fiscal year?

Mr. TAUSSIG. Yes; for the next fiscal year.

Mr. CANNON. There will be no revenue legislation, if then, until after 4th of March, 1921.

Mr. TAUSSIG. But there will be abundant requests to this commission for information upon prospective legislation.

TUESDAY, JANUARY 7, 1919.

TREASURY DEPARTMENT.

STATEMENT OF MR. JAMES A. WETMORE, ACTING SUPER- VISING ARCHITECT OF THE TREASURY.

CUSTOMHOUSE, NEW ORLEANS, LA.

Mr. Sisson. You have an item for the customhouse at New Orleans, La.

Mr. WETMORE. Yes, sir. The appropriation was made for \$350,000 to remodel and renovate the building, after the new building had been completed and a number of the offices moved out of the old customhouse; they moved the post office, the courts, and a number of the other branches of the Federal service into the new building. When we attempted to let the contract we found that the fund provided was not sufficient for everything we had in the specifications. Contract was made so as to use the money as far as it would

go for all the items originally contemplated, and the items that were omitted from the contract at that time were: Cement floors for the fourth story and the substitution in the corridor floors of terrazzo instead of marble tile. That has not all been done yet.

Mr. Sisson. What is terrazzo?

Mr. WETMORE. That is little blocks of marble laid in cement and then rubbed down. That work, however, has not all been done. We had also to omit the facing of marble on the walls and spandrels under the stairs. At the front entrance the marble is carried up all around to the ceiling, but as you enter the building you pass through a couple of arches and back of them, under the stairs, we provided a wainscoting of marble and did not carry the marble up to the full height. The walls and ceilings in a number of rooms were given one coat less of paint than the original specifications had contemplated, and there were some modifications that had to be made in simplifying the transom openings, and in connection with the hardware.

Mr. Sisson. You had an original appropriation of \$350,000.

Mr. WETMORE. Yes, sir.

Mr. Sisson. Was the \$350,000 intended to complete the job?

Mr. WETMORE. Yes, sir.

Mr. Sisson. Why did not the \$350,000 do the work?

Mr. WETMORE. Because it was not sufficient for everything we thought ought to be done, but it was sufficient to make a good remodeling job.

Mr. Sisson. The \$350,000 has done what you originally contemplated?

Mr. WETMORE. Everything except these items I am reading. Those items they could not put in at that time because of the insufficiency of the appropriation.

Mr. Sisson. When you made the original estimate did it cover the cost, at the price of things then?

Mr. WETMORE. We thought so.

Mr. Sisson. Why have you not been able to do the work with the \$350,000?

Mr. WETMORE. I believe they did everything as called for in the specifications except these items which I have read as being omitted, but when they made the final contract the cost for all the items was in excess of the amount we had available.

Mr. Sisson. Was there any difference in the cost of material and labor at the time you made the estimate and the time the contract was let?

Mr. WETMORE. I think so.

Mr. Sisson. Do you know anything about that?

Mr. WETMORE. There had been an abnormal increase in cost of labor and material because of the European war. That was not because the United States had gotten into the war at that time, but because of war conditions which were existing then.

Mr. Sisson. At what time was this estimate made?

Mr. WETMORE. May 27, 1914.

Mr. Sisson. At what time was the work begun?

Mr. WETMORE. The contract was let in December, 1916. It was before the United States got into the war.

Mr. Sisson. Did your original plans and specifications contemplate the items which you have just enumerated?

Mr. WETMORE. Yes; they contemplated these items which I have enumerated.

Mr. Sisson. You have not departed from the original plans as made when the contract was prepared?

Mr. WETMORE. Except to omit these things.

Mr. Sisson. I understand, but when you prepared your original estimate the items which you have just enumerated were included in it?

Mr. WETMORE. Yes, sir.

Mr. Sisson. And when you let the contract you let it as the plans and specifications called for except as to these items which you left out—is that right?

Mr. WETMORE. That is right. Included in the work that had to be done there was a new roof, and the salvage from the copper taken from the old roof amounts to \$18,202.71, and what is being asked is to use the money from the sale of that copper, or a sum equal to it, for doing this work.

Mr. Sisson. What is the urgency of this appropriation?

Mr. WETMORE. The main urgency is that the contractor for this work is just about finishing up, and if we can give this work to him before he gets his men and plant off of the job we can probably get a better price and quicker work than we could in any other way.

Mr. Sisson. He has his plant all assembled there for doing the work?

Mr. WETMORE. Yes, sir; and everything is in shape to do the work.

Mr. Sisson. And he has not quite completed the other work?

Mr. WETMORE. No, sir; the contract is not quite completed.

Mr. Sisson. Do you have any idea we will save some money or get more for this \$18,202.71 by letting the contract to this contractor now?

Mr. WETMORE. I think so.

Mr. Sisson. Than we would if we let him abandon the building and turn it over to you?

Mr. WETMORE. I think we can do better with him than with a new contract at this time.

Mr. Sisson. Will this \$18,202.71 do the work that you contemplated doing there?

Mr. WETMORE. I think so; yes, sir.

Mr. Sisson. Have we any assurance that if we give you this \$18,202.71 the work will be completed?

Mr. WETMORE. I can not tell you that because I have not taken figures on it, but I hope it will be sufficient. I think we can complete it within that amount.

Mr. Sisson. Where is this \$18,202.71?

Mr. WETMORE. It is deposited in the Treasury.

Mr. Sisson. It has been covered into the Treasury?

Mr. WETMORE. No, sir. I do not think it has been actually covered into the Treasury, because it was recently deposited in the Treasury, at about the date of that letter.

Mr. Sisson. As you know, this is an urgent deficiency bill, and the justification for including this item in the bill will be that the Government would lose money or could save money.

Mr. WETMORE. I think it will be advantageous to the Government, both from a money standpoint and in point of time, to let this as a supplemental contract to the present contractor, if it can be done.

Mr. Sisson. Do you know what each of those items will cost the Government?

Mr. WETMORE. I have not made an estimate, because I did not have sufficient notice before coming here. I had too short notice to get up such an estimate.

Mr. Sisson. I think the committee would like to know that before it consents to make this appropriation.

Mr. WETMORE. I can supply it for the record—our estimate for the cost of each of these items. (See p. 682.)

Mr. Sisson. We would like to know, in addition to that, whether or not this job will be completed if we give you this \$18,202.71.

Mr. WETMORE. I can prepare such a statement for you.

Mr. Sisson. You see, it is as broad as it is long. If this \$18,202.71 has been covered into the Treasury—

Mr. WETMORE (interposing). I do not think it has been actually covered into the Treasury, because I do not think there has been sufficient time.

Mr. Sisson. But it is practically the same thing, because it is in a position where it will be turned into the Treasury.

Mr. WETMORE. Yes, sir.

Mr. Sisson. The fact that this \$18,202.71 is a fund obtained from the salvage of the old roof does not appeal to me. What I want to know is whether this \$18,202.71, irrespective of where it came from, will complete the job as the original plans and specifications called for.

Mr. WETMORE. As I said, I think it will.

Mr. Sisson. And you think that by doing the work now the Government will save money, whereas if we should allow the present contractor to dismantle his force and take down all of his scaffolding, and so on, it would cost more to have another contractor go there and do these small jobs?

Mr. WETMORE. I think so, yes. Then, again, it will make a better job to do this work, that is, to put in the items that have been omitted. For instance, it would be much better to put cement floors on the fourth story, because the old floors are of wood and are in rather bad condition. That was one of the items omitted.

Mr. Sisson. About what will such flooring cost?

Mr. WETMORE. I can not tell you about that because I do not know how many feet of flooring there are there. The original specifications contemplated marble tile in the corridors, but the contract as let was for a terrazzo floor instead of marble tile.

Mr. Sisson. Has that floor been laid?

Mr. WETMORE. No; it has not all been laid. As you enter the building there is a large stairway and the marble facing goes clear to the ceiling, but back of the stairs, as you go into the building, there are a couple of arches and around back of them we had to cut down the marble facing to a wainscoting 4 feet or so in height, and it is desirable, for the appearance of things, to carry that marble to the ceiling. The walls and ceilings in various of the rooms received one coat less of paint than the original specifications called for. All of these items taken together are not very material; the building is practically finished as it is, but to do the job right it ought to have those things done. Then, in addition to that, there were some hardware items for transom openings.

Mr. WOOD. All of these items were alterations in the contract?

Mr. WETMORE. Yes; they were very minor items omitted from a \$350,000 contract.

Mr. EGAN. They were in the original contract?

Mr. WETMORE. They were in the original specifications, but they were not put in the contract. From the sale of the copper roof there is enough money to do these things and make the job complete.

Mr. SISSON. What harm would result if nothing were done? Is that building presumed to be fireproof?

Mr. WETMORE. It is not fireproof with wooden floors; it is of the character that they probably called fireproof in the days when the building was constructed, but a building is not fireproof with wooden floors.

Mr. SISSON. How much wooden flooring will remain if you put in this tile flooring?

Mr. WETMORE. This does not call for tile flooring, but calls for a cement floor on the entire fourth story.

Mr. SISSON. Is that for the old building?

Mr. WETMORE. Yes; it is the old customhouse building.

Mr. SISSON. Do you mean to say that if you get money for this flooring you will have cement or tile flooring over the entire building?

Mr. WETMORE. There will be cement or tile flooring over the entire building; yes, sir.

Mr. SISSON. How much will it take for that purpose?

Mr. WETMORE. I can not tell you how much it will take now, but I will supply it for the record.

Mr. EGAN. You think this amount would be sufficient to take care of all these items?

Mr. WETMORE. We think so; yes, sir.

Mr. SISSON. Please supply for the record the cost of each item you have enumerated.

Mr. WETMORE. I will do that.

NOTE.—It is estimated that the replacement of wood floors with concrete floors in fourth story will cost.....	\$7,500
Lining or facing walls and spandrels under stairs at front entrance with marble is estimated to cost.....	4,000
Additional coat of paint on walls and ceilings called for by original specifications but omitted from the contract, is estimated to cost.....	5,000
Transom-operating devices, as called for by original specifications, and adjustments of transoms over exterior and interior doors at front entrance, as called for by original specifications.....	1,200

Total.....	17,700
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Marble tiling in corridors where work has not progressed too far to prevent this change would cost \$8,000, and conditions do not justify this expenditure.

JAS. A. WETMORE.
Acting Supervising Architect.

TUESDAY, JANUARY 7, 1919.

TATEMENT OF MR. PAUL F. MYERS, CHIEF CLERK; MR. C. C. VAN LEER, CHIEF CLERK, OFFICE OF AUDITOR FOR TREASURY DEPARTMENT; MR. JAMES L. BAITY, AUDITOR FOR WAR DEPARTMENT; MR. EDWARD L. LUCKOW, AUDITOR FOR NAVY DEPARTMENT; AND MR. WALTER W. WARWICK, COMPTROLLER OF THE TREASURY.

CONTINGENT EXPENSES.**PURCHASE OF FILE HOLDERS AND FILE CASES.**

Mr. Sisson. Mr. Myers, your items are contained in House Document No. 1619, and in this urgent deficiency we will consider only the items on page 4 of that document. The first item there is \$9,870 for the purchase of file holders and file cases. How much money did you have for that purpose for the current year?

Mr. MYERS. \$5,000 for the current year, and we had a balance on December 31 of \$439.97.

Mr. Sisson. Now, you are asking that this appropriation be increased nearly 200 per cent for the balance of the fiscal year, or do you want to make it \$9,870 in all?

Mr. MYERS. No, sir. We have made a careful survey of all our offices to ascertain the exact needs. We have tabulated the needs, and that is the minimum required for the rest of the fiscal year. This need is due large to the growth of the auditors' offices. The Auditor for the War Department needs the largest amount.

Mr. Sisson. We will confine ourselves to the first item of \$9,870 for file holders and file cases. Are those file cases costing more money than they usually cost?

Mr. MYERS. The file holders and cases that we are purchasing now will probably cost more than in normal times. Under the Executive order of December 3, 1918, as you may recall, the Treasury Department, through the General Supply Committee, will take over all of the unused file holders and cases from the departments and independent establishments that can give them up on account of the cessation of the war. The Executive order also provides that we take them over at their cost if they are new and at not less than 75 per cent of their cost if they have been used.

Mr. Sisson. In view of the cessation of activities in the city of Washington in so many bureaus and departments, have you taken into consideration the fact that you might be able to supply yourself from that source?

Mr. MYERS. That is the source from which the Government services throughout Washington are supplying themselves now as required by the Executive order. The Executive order provides, however, that we have to pay for them out of our appropriation, or through a transfer of appropriation. We must pay for them.

Mr. Sisson. Of course, that is simply a bookkeeping matter, because they are already owned by the Government, and when you buy them, you are simply charged with the amount, and whatever is paid goes back into the Treasury. It is simply liquidating overhead charges that existed against departments or establishments that are going out of existence.

Mr. MYERS. Yes, sir; we recommended that sale provision, because you give us an appropriation for this particular purpose, and if we got furniture, etc., for nothing, the appropriation could be used for getting much more material than you intended.

Mr. Sisson. That being true, Congress should have some information about where you will get these things, because if these second-hand file cases are transferred to you, you would be expected to pay only 75 per cent of their original cost.

Mr. MYERS. We must pay cost if new and not less than 75 per cent if used.

Mr. Sisson. Have you taken that into consideration in making your estimates in reference to this item?

Mr. MYERS. Yes, sir. The file cases purchased by the independent establishments during the war we find are in many cases costing more than the contract price.

Mr. Sisson. It might actually be cheaper—

Mr. MYERS (interposing). It might actually be cheaper if we went into the open market and purchased them, so far as the Treasury Department is concerned.

Mr. Sisson. Except that this is money paid back into the Treasury.

Mr. MYERS. Yes, sir.

Mr. Sisson. If we did not make that disposition of all the material which can be used, the Government might be compelled to dispose of it to junk dealers, and then, in turn, we might be buying it back from the junk dealers. You ought to transfer it.

Mr. MYERS. Yes, sir; I heartily agree with you on that, and that is provided for in the Executive order.

Mr. Sisson. How many file cases did you buy out of your appropriation?

Mr. MYERS. We have \$439.97 left. I do not have the number of file cases, but the amount that was spent for them.

Mr. Sisson. What I am trying to do is to ascertain the number you expect to secure and for what particular offices you need them.

Mr. MYERS. I have not worked it out by numbers, but I have the amounts.

Mr. Sisson. How could you get at the amounts unless you had the numbers?

OFFICE OF AUDITOR FOR WAR DEPARTMENT.

Mr. MYERS. We have the exact numbers. The various offices have that information. For instance, Mr. Baity, the Auditor for the War Department, in asking for file holders and cases, asked for a deficiency of \$2,330.

Mr. Sisson. How many file cases did you ask for?

Mr. BAITY. I am asking for 15 file cases, at \$37.40. The amount is \$552.05.

Mr. Sisson. Is that 75 per cent of the cost of new file cases? In other words, did you take into consideration the fact that you could get them from other departments?

Mr. BAITY. No, sir. I think this list was prepared before that Executive order came out.

Mr. Sisson. Have you looked into the question of the reduction that might be made in that item if you were to get them from some other department under the terms of that Executive order?

Mr. BARRY. It makes no material difference to me where we get them just so we get them.

Mr. Sisson. I am not discussing that with you, but you ought to give some regard, of course, for the Treasury, just as everybody else does.

Mr. BARRY. Here is the procedure: We make a requisition for the supplies that we need. It is not within my province to handle them, it they are handled by Mr. Myers, the chief clerk of the department, and he attends to them.

Mr. Sisson. At the same time, you ought to give your moral and practical assistance in determining where you might get them. It will be nothing less than a national scandal if, when the war is over and all of these establishments go out of existence, all of this stuff left lying around in the buildings unused. It will be nothing less than a national scandal if we do not use that material to the best advantage.

Mr. MYERS. I might be able to answer that clearly. As soon as the war was over, the Treasury Department made a recommendation that the President issue an Executive order appointing some agency through which all of this furniture and equipment in Washington, falling into disuse on account of the cessation of the war, be reissued or resold to the departments, and then an amended Executive order was issued, at the suggestion, I believe, of this committee, putting this proviso in: That no Government establishment in the District of Columbia can purchase anything unless the Secretary of the Treasury first certifies that it has not been transferred. As to the particular question about the cost of these file cases, my information is that very few file cases and file holders have been released thus far, because there has been no plan made to dispose of these large files of the various activities of the Government and they are still in those file cases and file holders.

Mr. Sisson. It is, perhaps, true that a great many of these file cases which will fall into disuse may be of such value as files that you will have to keep them for a good many years before you can finally take them out of the Government file cases and pack them away where they will become inactive.

Mr. MYERS. And my belief is thoroughly fixed that a lot of these file holders can never be released nor can the contents of them be safely guarded and economically handled unless Congress provides an archives building for these enormous war records here on file. I think that has been presented to Congress before, but there has never been a time in the history of the country when such a building was so badly needed as now.

Mr. Sisson. A great many of these records must be kept for the protection of the Government against claims?

Mr. MYERS. Yes.

Mr. Sisson. And those files ought to be kept, indexed, and properly filed, so as to be made accessible. What are you going to do, getting down concretely to this item, with the file cases estimated for in this \$9,870? Where do they go?

OFFICE OF AUDITOR FOR STATE DEPARTMENT.

Mr. MYERS. The Auditor for the State Department estimates that he needs \$447.64.

Mr. SISSON. How many file cases will that get?

Mr. MYERS. Approximately twelve.

Mr. SISSON. Does he think that amount is needed for the balance of this fiscal year?

Mr. MYERS. This is all estimated for the balance of the fiscal year. Their attention was specifically called to the fact that we did not want anything for the next fiscal year but for the balance of this fiscal year and to get along if they possibly could without making any deficiency estimate. The reason why the Auditor for the State Department needs more files for the balance of this fiscal year is because he has been called upon to audit the accounts of the Shipping Board and the Fleet Corporation.

Mr. SISSON. Do you know what condition his files are in now?

Mr. MYERS. The files are crowded and are piled on top of file cases and on the floor. The public moneys division wants one case, \$58

OFFICE OF AUDITOR FOR TREASURY DEPARTMENT.

The Auditor for the Treasury Department wants \$1,190.

Mr. SISSON. How many cases do you get for that?

Mr. VAN LEER. That is principally shelving to take care of the War Risk Insurance checks which, after they are distributed and arranged in numerical order, are placed in pasteboard boxes holding about 2,800 or 3,000 checks, and then those boxes have to be arranged so they can be consulted, because we are constantly going into them to see whether checks have been paid.

Mr. SISSON. Are these steel shelves?

Mr. VAN LEER. No; they are wooden shelves. And that is a matter I want to call your attention to. We are in the old Graham Building, at the corner of Fourteenth and E Streets, and there is very little protection against fire. We have a great many files on the first floor, which has a cement base, but in half the building the floor is of wood and the file cases are all of wood, so that they would go just like tinder if a fire started.

Mr. SISSON. What character of checks do you have in there?

Mr. VAN LEER. We have the War Risk Insurance checks and the interest checks on the public debt. They make up the large quantities of checks that we have filed there, but in addition to that we have—

Mr. SISSON (interposing). If those checks were burned the only protection the Government would have would be the bookkeeping accounts against them?

Mr. VAN LEER. There would be no protection at all because the indorsement on the check is the only receipt the Government has, since the voucher form was changed a few years ago. Now an individual certifies that the account is due from the Government and has not been paid; then a check is issued on that and the check itself constitutes a receipt and that is the only evidence of payment.

Mr. SISSON. What precautions are you using against fire? Do you have watchmen there?

Mr. VAN LEER. We have watchmen day and night, but I do not know of any method by which a watchman could handle the matter in case of fire, unless he caught it in its incipency. There are four doors in the building and only one watchman on duty at a time; a fire should start from spontaneous combustion or from some delayed cause during the day and break out at night I do not believe there would be much protection; the watchman would turn in an alarm, but in the meantime all of these shelves and checks would go up in smoke. In addition to the war-risk checks and public-debt checks we also handle all of the warrants and checks of the Treasurer of the United States in the Treasury general account; that takes up all the other activities of the Government.

Mr. Sisson. That is an important lot of checks in the event of controversy.

Mr. VAN LEER. Yes; and they run from the beginning of the Government.

Mr. Sisson. How long have you been in that building?

Mr. VAN LEER. We have been there since September.

Mr. Sisson. Did you transfer all of these old checks to your new building?

Mr. VAN LEER. We are transferring them now; we are still transferring them, but the first floor, which is being occupied as filing space, only accommodates, I should estimate, about two-fifths of our files. We are also storing some checks in the old Poli Theater Building.

Mr. WOOD. Are you to be permanently located where you are now?

Mr. VAN LEER. I hope not, but I do not know.

Mr. Sisson. What department do you call this?

Mr. VAN LEER. This is the office of the Auditor for the Treasury Department.

Mr. Sisson. The Auditor for the Treasury Department handles all the papers and there are finally filed in your office the vouchers upon which money has been paid out involving the Treasury Department?

Mr. VAN LEER. Yes; everything involving the Treasury Department, and in the Treasury general account we handle all the warrants affecting all the other branches of the Government—the War Department, the Navy Department, and all the others. They come in under the Treasury general account.

Mr. Sisson. Where is this building located?

Mr. VAN LEER. At Fourteenth and E Streets, just west of the Municipal Building, one square south of the Avenue.

Mr. MYERS. It is the old Graham printing office building.

Mr. VAN LEER. It is on the southwest corner of Fourteenth and E Streets.

Mr. BARRY. It is just a short block south of the Willard Hotel.

Mr. Sisson. Just opposite the District Building?

Mr. VAN LEER. Yes, sir.

Mr. Sisson. It is a comparatively new building, is it not?

Mr. MYERS. It has just been remodeled.

Mr. WOOD. Is that where the War Risk Insurance is?

Mr. MYERS. The War Risk Insurance is in the Darby building across the street.

Mr. Sisson. Has the Graham building been enlarged?

Mr. MYERS. It has been remodeled from top to bottom.

Mr. VAN LEER. There are three or four buildings turned into one building; I think it was built in sections—one old building on the corner, another building added to it, then another building added to it, and then another building back on E Street.

Mr. Sisson. It is a building four stories high?

Mr. VAN LEER. The building on Fourteenth Street—the three original buildings—contain four stories, and the extension back on E Street is three stories high.

Mr. Sisson. How much floor space have you in that building?

Mr. MYERS. Twenty-six thousand square feet, I think.

Mr. VAN LEER. This amount is principally for shelving, but there will probably have to be one or two cases made, and we think it will be cheaper to make them rather than to buy them.

OFFICE OF AUDITOR FOR NAVY DEPARTMENT.

Mr. MYERS. The Auditor for the Navy Department wants \$800.

Mr. Sisson. Is that to be expended for file cases?

Mr. LUCKOW. It is approximately the same sort of equipment that the other gentlemen are asking for and is simply due to the increase of the work.

Mr. Sisson. He wanted shelving.

Mr. LUCKOW. Ours is shelving and pigeonholes, practically the same thing; wooden shelving and file cases and pigeonholes, receptacles for the public bills and vouchers.

Mr. Sisson. What is the condition of your filing?

Mr. LUCKOW. Practically the same as in the other offices.

Mr. Sisson. That does not mean much. Can not you tell about the condition in your own individual office?

Mr. LUCKOW. Well, we have wooden shelves and pigeon holes, all constructed of wood.

Mr. Sisson. I understand; but what about its crowded condition? What about its condition now?

Mr. LUCKOW. The work has increased about ten or twelve fold in our office since the war started.

Mr. Sisson. That still does not mean anything. What is the condition of your filing? Have you got enough files?

Mr. LUCKOW. No; we have not space enough. We want this additional equipment—the pigeonholes and cases—in order to file away the extra papers and vouchers.

Mr. MYERS. He has them on the floor and in the corridors and they can not be got at.

Mr. LUCKOW. At the present time they are stored away in boxes, largely in the hallways and byways. I have gone into that in the hearings before.

Mr. Sisson. So your files are not available at all except by going into boxes, where they have been tumbled indiscriminately?

Mr. LUCKOW. The additional filing space we are asking for is necessary in order to provide for those files now in boxes and packages and which must be used in the computing, receiving, and distribution section.

Mr. Sisson. What you are asking for in this bill would be absorbed with what you now have on hand and what will come into your office between now and the 1st of July?

Mr. LUCKOW. Yes, sir.

Mr. Sisson. Because after that it will be taken care of in the regular bill.

Mr. LUCKOW. Yes, sir; absolutely.

CUSTOMS DIVISION—COAST GUARD.

Mr. MYERS. The customs division asks for two file cases, \$75. That is largely due to the war work they have been handling. The Coast Guard asks for \$1,396.40. The Coast Guard has accumulated an enormous quantity of files. I know they have their files piled up on top of their desks, tables, etc., and they simply have got to have relief if those valuable records are to be preserved.

Mr. Sisson. Are they in the way of those who are working in the office?

Mr. MYERS. Yes, sir; and they are not systematically kept, and can not be unless they have sufficient equipment.

Mr. Sisson. Do they need that amount of money?

Mr. MYERS. Yes, sir.

Mr. Sisson. To relieve the situation between now and July 1?

Mr. MYERS. Yes, sir.

GENERAL SUPPLY COMMITTEE.

The General Supply Committee asks for \$440. That is for some shelving and a case.

OFFICE OF AUDITOR FOR INTERIOR DEPARTMENT.

The Auditor for the Interior Department asks for \$500 for shelving to take care of some additional files.

Mr. Sisson. What is the condition of his files?

Mr. MYERS. His files are not as bad as the other auditors because his office has not been affected as much by the war; but we have had to take some space from him and we have crowded him up more, so that he needs this additional amount of shelving to put up his files so that he can handle them properly.

SECRET SERVICE.

The Secret Service needs \$360 for file cases to house their records.

Mr. Sisson. Do you know the condition of their files?

Mr. MYERS. They are piled on top of safes and cases in their office. They have not the necessary filing cases to take care of them.

MAILS AND FILES DIVISION.

The mails and files division needs \$574 for pigeon holes and filing cases. That division during the war has worried along under its old equipment of prewar times, but they now need this very badly; their work is not being done as efficiently as it can be, and until they have sufficient shelving and equipment little improvement can be made.

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... had \$23,500.
... that included a deficiency, did it?

Mr. MYERS. We had two deficiencies in 1918. We started in with 13,500; we got one deficiency of \$3,000, and then at the end of the year we found we needed a deficiency of \$7,000 in order to pay the bills.

Mr. Sisson. This \$5,000 will make a total of \$21,000.

Mr. MYERS. Yes. I hope we can get along for the rest of the fiscal year with that amount.

Mr. Sisson. Can not we enter into an obligation now to get along with \$5,000?

Mr. MYERS. I will tell you I will certainly do it if I possibly can and avoid coming back for a deficiency.

Mr. DAVIS. I notice this provides for not exceeding \$250 for cars. Is there a deficiency in that item?

Mr. MYERS. That is for the whole year and we are not asking for any more.

Mr. DAVIS. That is a part of this \$5,000, is it not?

Mr. MYERS. It is for the whole year and we are not asking for a larger allotment. I understand that is just a general provision put in there, a general provision that we can only use that much during the calendar year.

Mr. Sisson. I suppose that would mean you could not use more than \$250 out of the \$16,000 and \$5,000.

Mr. MYERS. That is the ruling.

Mr. Sisson. Because in providing language for the deficiency you do not change the limitation.

Mr. WARWICK. No.

Mr. DAVIS. I did not know whether that \$250 meant a part of this \$5,000.

Mr. WARWICK. No.

Mr. Sisson. You could not spend more than \$250 during the entire year out of both appropriations?

Mr. WARWICK. No.

FURNITURE.

Mr. Sisson. The next is furniture, \$28,700.

Mr. MYERS. For furniture in the fiscal year 1918 we had \$22,500; in the fiscal year 1919, the year in which we are operating now, we could not estimate that far ahead for more than \$15,000, and we only asked for \$15,000.

Mr. Sisson. Now, you want \$28,700?

Mr. MYERS. Yes, sir. We have a balance in that appropriation of \$328.89.

Mr. Sisson. That is nearly a 200 per cent increase.

Mr. MYERS. Yes; and it is largely due to the big increase in the auditor's offices. The Auditor for the War Department alone asks for—

Mr. Sisson. What sort of furniture do you want to buy?

Mr. MYERS. Desks and chairs, largely.

Mr. Sisson. We bought desks, tables, and chairs in great numbers when the war broke out. What has become of them?

Mr. MYERS. Those desks and chairs that will fall into disuse we will purchase out of the money you will give us.

Mr. Sisson. You are certainly not going to purchase any new furniture.

OFFICE OF COMPTROLLER OF THE CURRENCY.

The Comptroller of the Currency asks for \$327.77 for filing cases; he needs them to put in his reports from national banks and other papers that he has no provision for now.

Mr. Sisson. What is the importance touching those papers?

Mr. MYERS. They must be filed in order to get at them quickly. That is the case in every office—the files have to be in first-class condition.

Mr. Sisson. Some of these files are very valuable as records and for legal purposes, while others are valuable solely as historical documents. Now, those that are valuable as vouchers and as legal evidence are records which the Government ought to care for in every possible way.

SURETY BOND SECTION—THE PUBLIC HEALTH SERVICE.

Mr. MYERS. I think I can safely say that most of this money is asked for files and shelving to handle current work. The surety bond section asks for \$1,000 to put up shelving. There has been an enormous increase in the number of bonds and they have no place to store them. They keep their bonds in metal shelving and this is for metal shelving. The Public Health Service asks for \$319.

Mr. Sisson. Is that the Public Health Service across the way?

Mr. MYERS. Yes; in the Butler Building.

Mr. Sisson. Why do they need that much additional?

Mr. MYERS. The Public Health Service has done an enormous amount of work during the war.

Mr. Sisson. Of what value are their records?

Mr. MYERS. Their records consist of reports as to conditions around the cantonments, and I suppose they have to refer to them rather frequently. We have in our office requisitions for file holders and cases to the amount of \$465. These requisitions are from the various offices—warrant office, \$12; Auditor for the Treasury Department, \$75; Public Health Service, \$169; and Customs Service, \$209; all of which ought to be allowed.

Mr. Sisson. That makes up that item?

Mr. MYERS. Yes, sir.

FOR WASHING AND HEMMING TOWELS, PURCHASE OF AWNINGS AND FIXTURES, ETC.

Mr. Sisson. The next item is \$5,000 for washing and hemming towels, purchase of awnings and fixtures, window shades and fixtures, etc. What particular need is there for this \$5,000?

Mr. MYERS. That is for miscellaneous items. We had an appropriation of \$16,000 and we have a balance of \$2,332.97. That appropriation, as you notice, covers a multitude of things.

Mr. Sisson. What particular items do you really need?

Mr. MYERS. Practically all of these items are for the remainder of the year, and \$5,000 is very low.

Mr. Sisson. What have you been having heretofore? You got \$16,000 in the current year. What did you have the year before?

Mr. MYERS. In 1918 we had \$23,500.

Mr. Sisson. That included a deficiency, did it?

Mr. MYERS. We had two deficiencies in 1918. We started in with \$13,500; we got one deficiency of \$3,000, and then at the end of the year we found we needed a deficiency of \$7,000 in order to pay the bills.

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Mr. Sisson. We bought desks, tables, and chairs in great numbers when the war broke out. What has become of them?

Mr. MYERS. Those desks and chairs that will fall into disuse we will purchase out of the money you will give us.

Mr. Sisson. You are certainly not going to purchase any new furniture.

Mr. MYERS. We will purchase the furniture that has been used by the other departments and turned in.

Mr. Sisson. But you will not purchase any new furniture—you will not go out into the market?

Mr. MYERS. We will not go into the market, no; unless there is no additional furniture turned back. But I have no fear of that, because I know the General Supply Committee is having to store desks and chairs.

Mr. Sisson. You absolutely came to this committee to get storage space to store furniture, and you got a building ready to store furniture.

Mr. WOOD. That is what he is going to buy now.

Mr. MYERS. We are going to buy that furniture with this money. The work of the various auditors is increasing now and other offices are falling off.

Mr. Sisson. You have typewriters?

Mr. MYERS. Yes, sir.

Mr. Sisson. You do not intend to buy anything but furniture and desks?

Mr. MYERS. That includes typewriters.

Mr. Sisson. The Government took all of the typewriters that it could get from every source, and now when they quit and dispense with the services of these clerks will not you be able to get all of the typewriters you need?

Mr. MYERS. I hope that we will get everything we are asking for from the General Supply Committee.

Mr. Sisson. The \$28,700 is really not an appropriation, but a transfer of funds?

Mr. MYERS. That is approximately what it will be; yes.

Mr. Sisson. How many officer do you expect to buy furniture for out of this sum?

Mr. MYERS. The Auditor for the State Department asked for \$1,186. The Public Monies Division—

Mr. Sisson (interposing). Please furnish for the record a copy of the statement which you have.

Mr. MYERS. Yes, sir. We will not buy a single thing if we can get it from stock; that is, turned in from other departments.

(See p. 694.)

Mr. Sisson. In other words, if the general supply committee has any of the articles that you want you can not buy outside?

Mr. MYERS. We can not; the auditor would not approve the bill.

Mr. Sisson. You have to buy through the General Supply Committee?

Mr. MYERS. Yes, sir.

Mr. Sisson. That is, from what the Government now has on hand?

Mr. MYERS. Yes, sir. We recommended to take that position when the Executive order was issued.

LABOR-SAVING MACHINES.

Mr. Sisson. The next item is labor-saving machines, \$14,000.

Mr. MYERS. In the fiscal year 1918 we had \$10,000. In the fiscal year 1919, the year in which we are operating, we have \$10,000, and

we have a balance of \$706.04 left in that appropriation. We are asking for \$14,000. The largest items there are for the auditors' offices.

Mr. Sisson. Please furnish for the record the itemized statement.

Mr. MYERS. Yes, sir.

(See p. 694.)

Mr. Sisson. Will you be able to get these machines from the Government?

Mr. MYERS. I hope that we will be able to get a good many. I think the War Department and the Food Administration and some of these independent war organizations are turning in their machinery.

Mr. Sisson. In other words, this is rather a peculiar situation, asking for more than 100 per cent increase in a deficiency bill?

Mr. MYERS. I should like to make that especially clear. During the war other organizations were increasing and grew to enormous size. Now that peace has suddenly come the auditors' offices—there are six of them in the Treasury—the auditors for the various departments find all of these claims and accounts suddenly thrust upon them, and they have to grow now for a period of years until they can dispose of these accounts.

Mr. Sisson. How long do you think that will continue?

Mr. MYERS. I doubt if the Auditor for the War Department can get current within a year, if you give him all the clerks that he needs.

Mr. BAITY. I think we will be current in a year.

Mr. MYERS. And the Auditor for the Navy Department in about the same time?

Mr. LUCKOW. If we were to receive no more work it would take us a year to close up the business.

Mr. BAITY. I want to amend that by saying that it relates to the audit of disbursements of accounts, not to the settlement of claims.

Mr. Sisson. Where do you get your employees? As you take on more typewriters and furniture you need more employees?

Mr. MYERS. The Civil Service Commission, under the general transfer order.

Mr. Sisson. You are taking on no new people out of the civil service—can you not get them by transfer from other departments?

Mr. MYERS. The Civil Service Commission now has a register, prepared at the suggestion and direction of the President, called the reemployment register. The employees of these various war organizations—the War Department, etc, and those employees who are going to be thrown out of employment—go to the commission and have their names put on that register.

Mr. Sisson. What we should avoid is bringing to Washington more people than we can house.

Mr. MYERS. At the President's direction the Civil Service Commission is following the reemployment register, in order to bring no other people to Washington until the reemployment register is exhausted.

Mr. Sisson. Where do you get the money for these additional employees that you expect to buy this furniture for?

Mr. MYERS. These gentlemen here are asking you for that money.

Mr. Sisson. Where?

Mr. MYERS. The committee here.

Mr. MYERS. We will purchase the furniture that has been used by the other departments and turned in.

Mr. Sisson. But you will not purchase any new furniture—you will not go out into the market?

Mr. MYERS. We will not go into the market, no; unless there is no additional furniture turned back. But I have no fear of that, because I know the General Supply Committee is having to store desks and chairs.

Mr. Sisson. You absolutely came to this committee to get storage space to store furniture, and you got a building ready to store furniture.

Mr. WOOD. That is what he is going to buy now.

Mr. MYERS. We are going to buy that furniture with this money. The work of the various auditors is increasing now and other offices are falling off.

Mr. Sisson. You have typewriters?

Mr. MYERS. Yes, sir.

Mr. Sisson. You do not intend to buy anything but furniture and desks?

Mr. MYERS. That includes typewriters.

Mr. Sisson. The Government took all of the typewriters that it could get from every source, and now when they quit and dispense with the services of these clerks will not you be able to get all of the typewriters you need?

Mr. MYERS. I hope that we will get everything we are asking for from the General Supply Committee.

Mr. Sisson. The \$28,700 is really not an appropriation, but a transfer of funds?

Mr. MYERS. That is approximately what it will be; yes.

Mr. Sisson. How many officers do you expect to buy furniture for out of this sum?

Mr. MYERS. The Auditor for the State Department asked for \$1,186. The Public Money's Division—

Mr. Sisson (interposing). Please furnish for the record a copy of the statement which you have.

Mr. MYERS. Yes, sir. We will not buy a single thing if we can get it from stock; that is, turned in from other departments.

(See p. 694.)

Mr. Sisson. In other words, if the general supply committee has any of the articles that you want you can not buy outside?

Mr. MYERS. We can not; the auditor would not approve the bill.

Mr. Sisson. You have to buy through the General Supply Committee?

Mr. MYERS. Yes, sir.

Mr. Sisson. That is, from what the Government now has on hand?

Mr. MYERS. Yes, sir. We recommended to take that position when the Executive order was issued.

LABOR-SAVING MACHINES.

Mr. Sisson. The next item is labor-saving machines, \$14,000.

Mr. MYERS. In the fiscal year 1918 we had \$10,000. In the fiscal year 1919, the year in which we are operating, we have \$10,000, and

we have a balance of \$706.04 left in that appropriation. We are asking for \$14,000. The largest items there are for the auditors' offices.

Mr. Sisson. Please furnish for the record the itemized statement.

Mr. MYERS. Yes, sir.

(See p. 694.)

Mr. Sisson. Will you be able to get these machines from the Government?

Mr. MYERS. I hope that we will be able to get a good many. I think the War Department and the Food Administration and some of these independent war organizations are turning in their machinery.

Mr. Sisson. In other words, this is rather a peculiar situation, asking for more than 100 per cent increase in a deficiency bill?

Mr. MYERS. I should like to make that especially clear. During the war other organizations were increasing and grew to enormous size. Now that peace has suddenly come the auditors' offices—there are six of them in the Treasury—the auditors for the various departments find all of these claims and accounts suddenly thrust upon them, and they have to grow now for a period of years until they can dispose of these accounts.

Mr. Sisson. How long do you think that will continue?

Mr. MYERS. I doubt if the Auditor for the War Department can get current within a year, if you give him all the clerks that he needs.

Mr. BAITY. I think we will be current in a year.

Mr. MYERS. And the Auditor for the Navy Department in about the same time?

Mr. LUCKOW. If we were to receive no more work it would take us a year to close up the business.

Mr. BAITY. I want to amend that by saying that it relates to the audit of disbursements of accounts, not to the settlement of claims.

Mr. Sisson. Where do you get your employees? As you take on more typewriters and furniture you need more employees?

Mr. MYERS. The Civil Service Commission, under the general transfer order.

Mr. Sisson. You are taking on no new people out of the civil service—can you not get them by transfer from other departments?

Mr. MYERS. The Civil Service Commission now has a register, prepared at the suggestion and direction of the President, called the reemployment register. The employees of these various war organizations—the War Department, etc, and those employees who are going to be thrown out of employment—go to the commission and have their names put on that register.

Mr. Sisson. What we should avoid is bringing to Washington more people than we can house.

Mr. MYERS. At the President's direction the Civil Service Commission is following the reemployment register, in order to bring no other people to Washington until the reemployment register is exhausted.

Mr. Sisson. Where do you get the money for these additional employees that you expect to buy this furniture for?

Mr. MYERS. These gentlemen here are asking you for that money.

Mr. Sisson. Where?

Mr. MYERS. The committee here.

Mr. BARTY. I have an estimate of \$100,000 to be available the 1st day of January. That is the item you spoke of a while ago and Mr. Sherley said could go into the general deficiency bill. Since the 1st day of January I have employed 20 clerks and all of those except 4 have been young men who were in the civil service prior to being drafted into the service and they have been discharged. There is an act, as you know, which permits them to be reinstated in any office. Their services were not needed where they were formerly employed. As a rule, they have come to me upon requisition from the Civil Service Commission. I have appointed, I think, 16.

Mr. Sisson. Have you funds enough to take care of them?

Mr. BARTY. I am just up to what I have now. I had a lump-sum appropriation in July, 1918.

Mr. Sisson. Of course, we find ourselves in this attitude, that you do not need this appropriation until you get the appropriation for additional employees.

Mr. MYERS. That particular item we will not.

Mr. Sisson. The item of \$14,000?

Mr. MYERS. Yes, sir.

Mr. Sisson. I am not having any reference to the filing cases.

Mr. MYERS. We will not use that until you give us the employees.

Mr. Sisson. That is, the furniture and labor-saving machines?

Mr. MYERS. Yes, sir.

Mr. Sisson. Please make a separation of this furniture item and eliminate from that item what can go over to the general deficiency bill and give us only those items which are urgent and will be needed before the general deficiency bill can become a law.

Mr. MYERS. And then we will submit the difference in a new estimate.

Mr. Sisson. The difference will take care of itself in the general deficiency bill.

Mr. MYERS. Yes, sir.

Mr. Sisson. And please do the same thing with the labor-saving machines and put your explanation in the record.

Mr. MYERS. Yes, sir.

Statement of amount required prior to Mar. 4, 1919, in urgent deficiency appropriation bill.

Office.	Furniture, etc.	File holders and cases.	Labor- saving machines.
Auditor for State and Other Departments.....	\$70.00	\$150.00	
Division of Public Money.....	74.00	38.00	\$467.50
Auditor for Treasury Department.....	600.70	201.25	792.00
Auditor for Navy Department.....	335.00	400.00	600.00
Auditor for War Department.....	8,357.45	1,275.24	5,532.50
Comptroller of Treasury.....	885.00		
Disbursing clerk.....	13.50		
Division of Customs.....		209.60	
United States Coast Guard.....	387.80	900.00	300.00
General Supply Committee.....	133.20	44.01	
Assistant Secretary Rowe.....	35.00		
Auditor for Interior Department.....	190.00	250.00	
Secret Service Division.....		180.00	
Division of Mail and Files.....		287.00	75.00
Comptroller of the Currency.....	311.00	175.00	490.00
Section of Surety Bonds.....	70.00	1,000.00	
Division of Bookkeeping and Warrants.....	231.60		150.00
Public Health Service.....	1,126.20	328.74	
Division of Printing and Stationery.....	67.50		213.75
Total.....	12,887.95	5,439.84	8,631.75

Statement of amount required after Mar. 4, 1919, in deficiency appropriation bill.

Office.	Furniture, etc.	File holders and cases.	Labor- saving machines.
Chief clerk.....	\$5,110.00		
Auditor for State Department.....	1,118.00	\$300.00	\$600.00
Auditor for Treasury Department.....	395.00	1,000.00	900.00
Auditor for Navy Department.....	2,911.80	400.00	
Auditor for War Department.....	5,185.50	1,150.00	3,880.00
Division of Customs.....	100.00	75.00	
United States Coast Guard.....	387.00	500.00	
Auditor for Interior Department.....	45.00	250.00	
Secret Service Division.....		180.00	
Division of Mail and Files.....		287.00	
Comptroller of the Currency.....	275.00	150.00	
Division of Bookkeeping and Warrants.....	120.00		
Public Health Service.....	200.50	159.80	
Total.....	15,805.80	4,451.80	5,380.00

TUESDAY, JANUARY 7, 1919.

AUDITING ACCOUNTS ABROAD.

STATEMENTS OF MR. WALTER W. WARWICK, COMPTROLLER OF THE TREASURY, AND MR. JAMES L. BAITY, AUDITOR FOR THE WAR DEPARTMENT.

REMOVAL OF LIMITATION AS TO AMOUNT TO BE EXPENDED IN WASHINGTON, D. C.

Mr. Sisson. In House Document No. 1465 there is an item as follows:

The available balance of the \$700,000 appropriated by the act of July 3, 1918 (40 Stat., 757), for the audit of accounts abroad during the current fiscal year may be expended either abroad or at Washington for the purposes named in the act, except that no per diem in lieu of subsistence shall be allowed at Washington.

How much of that appropriation is available?

Mr. WARWICK. There was just about half of it available, as nearly as we can estimate, on the 1st of January. Of course, 95 per cent of it, or more, is being spent in Paris, and we have no detailed figures for December.

Mr. Sisson. The appropriation of \$700,000 is for auditing accounts abroad, and all of the other necessary expenses, of which not exceeding \$25,000 may be expended at Washington for the purposes of this section, and no officer or employee shall receive for duty in Washington any compensation other than his regular salary.

Mr. WARWICK. I can explain it in this way: For the current fiscal year the appropriation was \$700,000. The Auditor for the War Department and myself advised the committee at that time, which was just a year ago, that if the Army got over 500,000 men in France the \$700,000 would not be sufficient. The Army went to 2,000,000. We purposed to submit a deficiency for this year of at least \$700,000, but on account of the ending of hostilities the situation was somewhat changed, so that we submitted to the subcommittee on the legislative, executive, and judicial bill an estimate of appropriation for the next fiscal year of \$1,620,000. That estimate was made before hostilities ended. We then proposed, if the auditing were to continue abroad, to see what we could do, if the accounts stayed abroad, with half that

amount, on the theory that the Army would be coming back instead of increasing, as was contemplated. What action will be taken by the subcommittee we do not know, but the accounts will have to come back from there some day.

Mr. SISSON. That would not affect this item, would it?

Mr. WARWICK. That would not affect this item, but the purpose of this item is that if it is decided that the accounts are to come back the first of next July and the office closed over there—leaving a very small number to care for certain business there—that then we ought to be able in the next six months to prepare for that by bringing them back gradually and not mixing up accounts any more than necessary. So that if we could have this appropriation made available, either there or here, from now until June, we could bring the men and the accounts back and still use this appropriation to work on those accounts to the 30th of June.

Mr. SISSON. Let me understand it. If the auditing is continued in France those in the auditor's office would continue to get maintenance, would they not?

Mr. WARWICK. Four dollars per diem in lieu of subsistence.

Mr. SISSON. So that it would be cheaper for you to transfer the auditing, whenever it is practicable to do so, to the city of Washington?

Mr. WARWICK. It costs twice as much in Paris as it does here, because each person is allowed \$4 per day, or about \$1,460 a year, for maintenance in addition to the regular pay, which is about the same amount, so that if the accounts were brought back here we could do twice as much work, if the money is used here, during the balance of the year.

Mr. SISSON. You would want all of the limitations that now surround the expenditure of this appropriation in the city of Washington to remain as at present?

Mr. WARWICK. We ask to have the appropriation just as it is but cutting off the per diem allowance.

Mr. SISSON. That is what I mean by limitations.

Mr. WARWICK. Yes. There would be nothing in the way of per diem allowances; their pay would be as it is now, from \$1,200 up to \$1,800 for the clerks.

Mr. SISSON. As soon as a division or subdivision of the Army is transferred from Europe to the United States the auditing is then transferred with it?

Mr. WARWICK. The plan would be that as disbursing officers come back their accounts, unsettled or settled, would be sent back from Paris and be on file here for handling here.

Mr. SISSON. And would be audited in Washington?

Mr. WARWICK. Yes. Of course, owing to the great increase in the Army the auditing there is behind; it could not be kept up with a force of 175 people, which force was intended to handle about 500,000 soldiers' accounts, so that the accounts are not current.

Mr. SISSON. If we were to transfer rapidly, or with reasonable rapidity, the soldiers from Europe, would your present force in the city of Washington be able to handle this auditing out of the regular appropriation?

Mr. WARWICK. Oh, no. The throwing onto the auditor's office here in Washington the auditing of the accounts of the 2,000,000 troops in France would swamp it much worse than it is swamped now.

Mr. Sisson. When these accounts are audited in France, they then transmit to your office a completed audit, do they?

Mr. WARWICK. They transmit merely their certificate of the balance as found due and keep the vouchers there.

Mr. Sisson. Does this office have anything further to do with these vouchers after they are transmitted here?

Mr. WARWICK. We have nothing to do with them here. Of course, the vouchers will come back when the office comes back, and the law provides that within a year after that anyone can have a review by the comptroller of any action taken by the auditor in Paris; that is, one year after the close of the war.

Mr. Sisson. But with the exception of a review of that kind the audit is completed by the people in Paris, that is, when they do complete an audit.

Mr. WARWICK. It is entirely finished and a certificate of the balance made, just as it is here, and that certificate is sent to the Book-keeping and Warrants Division of the Secretary of the Treasury's office and put on the books the same as here.

Mr. Sisson. Do you think that if a transfer should be made and this legislation given you that you would be able to do this auditing for less money than is carried in this item?

Mr. WARWICK. We could not do it for less money, because on account of the amount of work that has been put on the auditor's office here the work is six months' behind, and some day, this spring, or some time, those accounts have got to be loaded on a ship and brought back here.

Mr. EAGAN. Your saving will be in subsistence?

Mr. WARWICK. It will be a saving of half the cost of each man.

Mr. Sisson. What I am trying to arrive at is this: If a transfer was made and the auditing done in Washington could such a saving be made as to enable us to reduce in any amount this \$700,000?

Mr. WARWICK. We could not reduce the amount because, if every man from Paris were brought back here this month with the accounts and an equal number of people here placed on the work, they could not be current with the work on the 1st of July.

Mr. Sisson. In other words, you would, of necessity, if the auditing continued in Paris, have a deficiency?

Mr. WARWICK. It would have been necessary to have a deficiency of at least \$700,000 for this fiscal year, unquestionably.

Mr. Sisson. If the audit had continued in France.

Mr. WARWICK. Yes, sir. The end of hostilities made us change our program and endeavor in every way to cut down expenses.

Mr. Sisson. You catch what is in my mind?

Mr. WARWICK. I do.

Mr. Sisson. If you continued to make this audit in France, you would, of necessity, have had a deficiency?

Mr. WARWICK. Yes; as I say, of at least \$700,000; but we plan to transfer it here and save that additional expense, to which we would have necessarily been put if the audit had remained in France.

Mr. Sisson. And by making the change you suggest you hope to be able to make the audit with \$700,000?

Mr. WARWICK. We hope to be able to do as much work as if we had gotten a deficiency of about \$700,000; that is, with this one \$700,000. By bringing the accounts back as soon as possible we

hope to accomplish nearly as much with the \$700,000 as we would have accomplished with the \$700,000 and a deficiency of \$700,000. That is our purpose.

Mr. BAITY. This is the situation: Each man who works on that work in Paris must be allowed \$4 per diem, and through this plan there can be a \$4 saving on each man.

Mr. EAGAN. In other words, that saving of \$4 in subsistence is practically the saving of the salary of another man.

Mr. BAITY. Yes, sir.

Mr. DAVIS. Will you require as many men to audit these accounts if they are returned to the United States, as you have here and in Europe?

Mr. BAITY. Yes.

Mr. EAGAN. Because the work to be done here will be the same as the work to be done there?

Mr. BAITY. Yes. You understand, we have two separate offices: my office here is the main office and that is a branch office over there, but it is operated independently.

Mr. DAVIS. You would have to bring the employees back here?

Mr. BAITY. Yes, sir.

Mr. DAVIS. All of them?

Mr. BAITY. Yes, sir.

Mr. Sisson. By having the audit made in Washington you would be able to get a great many more men for the same sum of money than you would be able to get if the audit were left there.

Mr. BAITY. Yes.

Mr. Sisson. And for that reason, in order to make the work as nearly current as possible, you want the whole \$700,000, irrespective of the saving, because you would consume the amount saved by employing additional men?

Mr. BAITY. Yes; that is the situation exactly.

Mr. Sisson. In order to make the work current by the 1st of July you think you will need all of that money in order to get that additional service?

Mr. BAITY. We can not make it current by the 1st of July even if all of this money is available, because the work has grown beyond any idea we had of it, and the same condition obtains over there as obtains in my office here.

Mr. Sisson. You could practically double your force, could you not?

Mr. WARWICK. Yes, sir.

Mr. Sisson. Now, with double the force that you have over there, and with the regular force which you maintain in your office, would you not be able to make the work current by the 1st of July?

Mr. WARWICK. I would estimate that we would have by the 1st of July the audit up to the 1st of January, which is within three months of being current. That is true because the accounts do not come in for three months. The War Department keeps accounts under administrative examination for 60 days, so that the accounts for the period ending December 31, would not reach the auditor until the 1st of April. With that exception it would be as nearly current as it ever is in the ordinary course of business.

Mr. EAGAN. The return of men from abroad and the rapid demobilization of the forces will materially reduce your work, will it not?

Mr. WARWICK. Yes, sir; but that reduction will not appear until the next fiscal year. There may be 1,000,000 men abroad for 6 months or a year yet, and those accounts will be coming across the seas here. The auditor's office had 206 men at the beginning of the war and it has about 600 now, and it must have twelve or fifteen hundred men to make good, we think. There must be an audit of the account of each individual soldier.

Mr. Sisson. In other words, you have to audit each individual soldier's account?

Mr. WARWICK. Yes, sir; and settle his claims. This Congress will pass a bill giving the soldiers some extra pay. Congress will pass that when they are out of the service, and every one of the 2,000,000 soldiers will file a claim, and you must go through their accounts.

Mr. EAGAN. The longer you delay this audit the longer you keep men in the Army?

Mr. WARWICK. You do not keep them in the Army longer, but you keep them out of the balance that is due them. I think it is a fair statement to say that in this calendar year there will be at least 1,000,000 soldiers' claims filed with the Auditor for the War Department, and when you go through all the vouchers, scattered throughout the whole building, to find out what each man was paid at different times, there will be complaints of delay. If we come up with estimates for five or six hundred additional men it will not be surprising. Hostilities are just beginning so far as the auditing office is concerned.

FRIDAY, JANUARY 10, 1919.

GENERAL SUPPLY COMMITTEE.

STATEMENTS OF MR. PAUL F. MYERS, CHIEF CLERK, TREASURY DEPARTMENT; MR. GUY V. NORWOOD, SUPERINTENDENT OF SUPPLIES; AND MR. M. F. JACQUES, REPRESENTING THE DEPARTMENT OF AGRICULTURE, GENERAL SUPPLY COMMITTEE.

TRANSFER OF SURPLUS MATERIAL, ETC.

GENERAL STATEMENT.

The CHAIRMAN. You have an estimate of \$200,000 for salaries of employees, office equipment, fuel, light, etc., under the General Supply Committee.

Mr. MYERS. This is to take care of the work of transferring the equipment that falls into disuse on account of the cessation of the war. The superintendent of the supply committee, Mr. Norwood, and Mr. Jacques, the chief of the division handling this matter, know all the details of the work.

Mr. NORWOOD. The work was started shortly after the 10th day of December, when the Secretary of the Treasury issued the regulations in connection with the Executive Order made by the President, dated December 3. At the present time there are only a few people detailed to the committee handling this work and it can not be

handled in a satisfactory manner by details. Therefore, the committee has suggested that an appropriation be made so that permanent employees will be on hand to handle and make proper records with reference to the materials, supplies and equipment which are to be transferred and are being transferred at the present time.

The CHAIRMAN. Why can not the existing force do that?

Mr. NORWOOD. The existing force is necessary in connection with the making of contracts.

The CHAIRMAN. But that will not be so necessary now, because you will not have to make these contracts.

Mr. NORWOOD. We are at the present time working in connection with specifications and proposals which will be issued in February.

The CHAIRMAN. Why do you need to make contracts for buying stuff next year when you are probably going to have more stuff than you can possibly use on your hands?

Mr. NORWOOD. There are 20 classes of supplies included in the schedule. Most of the supplies that will be transferred are equipment, such as desks, typewriter chairs, typewriters, and stationery supplies; there are other classes in the schedule, hardware, dry goods, meats and meat products, and other articles of which there undoubtedly will not be very much available for transfer and which, I believe, the committee should make contracts for. And on certain of those other classes no one knows at the present time what classes of stationery supplies will be turned over.

The CHAIRMAN. Are we going to get the situation that developed during the war where the contracts that you had made called for a cost in excess of what the departments could go out and buy in the open market?

Mr. MYERS. I think you will find, and it is developing now, that that was not actually the fact in a great many cases, and in probably the majority of cases, and the further developments of the work that this supply committee is doing in taking care of these transfers will show just what the condition is. But it appears now that a lot of the furniture and equipment purchased outside of the general supply schedule cost more than the general supply schedule called for.

The CHAIRMAN. And it also appears, because I know it to be a fact of my own knowledge, that they bought a great many desks and typewriter tables cheaper than they could under the supply committee schedule.

Mr. JACQUES. When you consider the quality?

The CHAIRMAN. Yes; and that is what I want to consider. Some of the quality was absolutely unwarranted and unnecessary.

Mr. JACQUES. Quite a number of the desks they bought were of a cheap grade and those desks were for temporary use, while the desks under the schedule were durable, well-made desks, that would last for years.

The CHAIRMAN. The trouble is you did not have a schedule that was wide enough in order to supply any need, but simply standard types, which you had standardized, and which were too expensive for the use to which they were to be put.

Mr. JACQUES. There are two grades of desks and three grades of tables on the contract. There was an award made on the 1st of July on a cheap grade, a second grade of desks, decidedly cheaper than the

standard desk we had and which had been standardized by the Government.

The CHAIRMAN. It did not need to be cheaper in the sense of being less durable, but less bulky. A lot of your furniture was far too bulky, and you insisted on supplying for every stenographer's typewriter desk with a lot of drawers in it, whereas you could have gotten more work and better work in most cases by simply supplying a desk upon which a typewriting machine could be placed.

Mr. JACQUES. A typewriter stand would have answered in many cases in lieu of a desk, and it was optional with the heads of bureaus to buy a typewriter desk or stand, of which we had four different grades under contract, running from six dollars and some cents to nineteen dollars.

Mr. BYRNES. Mr. Myers, what statement did you make, when we held that hearing, as to the advisability of buying through the supply committee? I do not remember what you did say about it.

Mr. MYERS. I remember the hearing but I do not recall just exactly what testimony I gave, but I know this of my own knowledge, that some of the departments of the Government bought outside of the contract and paid more for the stuff.

Mr. BYRNES. What departments, for instance?

Mr. JACQUES. We had a case come up to-day on this transfer of furniture; steel uprights, having 7 drawers and 14 compartments; we had several of them turned in to us for reissue. The department bought them in the open market and paid \$65 for them while the identical article is on contract for \$42.88, or a difference of \$22.12. We can not issue them to the department wishing them because they will not want to pay the additional cost of \$22.12.

Mr. BYRNES. You say it was an identical article—what was it?

Mr. JACQUES. It was 7-drawer, 14-compartment upright file furniture.

Mr. BYRNES. Was it the same make?

Mr. JACQUES. It was of the same dimensions and the same specifications but made by a different firm, a firm other than the contractor.

Mr. MYERS. I recall now the matter of certain desks built according to certain specifications for the War Department, and I think that is what you have particular reference to.

Mr. BYRNES. At the hearing I held the War Department, through its representative, Mr. Drane, made a complete showing, and it appeared that he was saving thousands of dollars by buying practically every bit of furniture outside of the contract, and that was the experience of most of the departments, although there were two or three departments buying according to the contract.

Mr. JACQUES. The standardized furniture is high-grade furniture and such as will be durable and will not have to be replaced in about three or four years, while some of the departments bought desks that would last a few years and that was thought sufficient. Now, if they had gone a little further they could have purchased a plain oak table, costing \$10 or so; they could have used a plain oak table instead of a desk.

Mr. BYRNES. Have you recently bought anything in the open market, other than this file case to which you have referred?

Mr. JACQUES. We did not buy that; it is furniture that is being turned over to the supply committee for reissue to the various departments. The Executive order provides that this furniture must

be reissued at cost, if it is new, but if it has been used it is to be reissued at a reduction, depending upon its usage, but it can not be reissued for less than 75 per cent of cost. These things to which I have referred are absolutely new and we have no option in the matter; we must issue them at what they cost and, as I say, they cost \$65 instead of \$42.88.

Mr. BYRNES. Have all the departments resumed their purchases from the supply committee or are they still purchasing in the open market?

Mr. MYERS. They have first got to buy furniture, material, or equipment that falls into disuse in other departments, but if they can not get it in that way they must go to the contractor under the law, and if the contractor can not furnish it, then, and then only, can they go into an outside market.

I would like to say, in connection with buying cheaper furniture than is provided for in the schedule, that the War Risk Insurance Bureau, for instance, instead of buying desks purchased tables, plain kitchen tables, which were bought for as low as \$5. I also know this, that oak tables were purchased in various parts of the Treasury outside of the contract because the contractor could not furnish them. It developed in a short while that those tables—they never were up to specifications in the first instance—warped and cracked, and in less than a month or two it became evident that their use would be very limited. So I think it is a very important policy on the part of the Government that we have a standard article for normal times.

During the war a lot of furniture was bought by the war agencies at and below the standard; and if they had had in mind the permanent use of that furniture and equipment, they never would have bought such cheap articles. It will turn out to be expensive in the long run. Had they bought standard articles they would have been distributed to other bureaus and could have been used indefinitely. As it is now, a lot of it will not be fit for use.

Mr. BYRNES. The standardization of the file cases precludes the possibility of your taking advantage of improvements?

Mr. JACQUES. Not at all. The only thing that we tie down is definite dimensions; so that if you start a stack of files, the files that, you buy this year or next year will fit in and be uniform.

Mr. BYRNES. You change the specifications?

Mr. JACQUES. No; we do not. The follower, the drawer mechanism, and all is approved; they submit samples.

Mr. BYRNES. As to the furniture you are now taking over from these departments, what survey, if any, have you made as to the quantity of this furniture and the value of it?

Mr. JACQUES. They have gotten up for us a sort of inventory of the articles. They did not go into detail. They said that they had so many of a certain article. They did not have the records in such shape that they could furnish a proper inventory. There are practically between \$6,000,000 and \$7,000,000 worth of furniture bought by the war agencies and the War Department. A great amount of that will be available for transfer.

Mr. BYRNES. You have already made an inventory?

Mr. JACQUES. No. We asked the different departments to tell us the amount of money value of the furniture, typewriters, labor-saving devices, etc., which they had purchased in the last 16 months.

Mr. BYRNES. And that amounts to how much?

Mr. JACQUES. \$6,000,000 or \$7,000,000.

The CHAIRMAN. For the District of Columbia?

Mr. JACQUES. Yes, sir.

The CHAIRMAN. Is that stuff delivered to you or stuff you have received and are delivering?

Mr. JACQUES. Articles that have been turned over by the various departments as of no longer in use. We are issuing them to all the Government services.

The CHAIRMAN. Are you getting paid?

Mr. JACQUES. Yes, sir. If the article has not been used, at the cost of the article, and if it has been used at a reduction, dependent upon the condition of the article, and in no instance less than 75 per cent.

The CHAIRMAN. How is it valued?

Mr. JACQUES. By going over the inventory and looking at it.

The CHAIRMAN. Has it all been used?

Mr. JACQUES. No, sir; some of it.

The CHAIRMAN. Some of it has not been used?

Mr. JACQUES. Yes, sir. We have had 150 typewriters turned in that have never been used. We have issued practically all of those.

The CHAIRMAN. What is your method of inspection?

Mr. JACQUES. By the furniture inspector, a man from the Food Administration, the supply division, detailed to us now, also a man formerly with the board of inspection of the Post Office Department, who has been detailed to us from the Department of Labor, and myself report on the condition of the articles. Then, there is a reduction made. We show, for example, on the delivery invoice that the article cost \$25, that it has been used and is in fair condition, that it is worth so much, and then we give a deduction of 10 per cent of the actual cost, or 20 per cent, but in no case more than 25 per cent.

BASIS OF ESTIMATE.

(See pp. 705, 707, 726.)

The CHAIRMAN. On what basis do you figure you will need \$200,000 to carry on this work?

Mr. MYERS. That is for the remainder of this year and all of next fiscal year.

The CHAIRMAN. I understand.

ESTABLISHMENT OF A BUREAU OF SUPPLIES.

Mr. MYERS. I should like to make a statement, Mr. Chairman, about a difficulty that is very real right now in supplying proper supplies to the Government under the present method. Before Mr. Byrnes, of your committee, I made a statement of the difficulty. The difficulty is this: The Treasury Department makes a contract, negotiated by the General Supply Committee, in the latter part of May and June for the whole fiscal year. In these unsettled times every contractor takes into consideration the exigencies that may arise during the following fiscal year, and consequently his bid must be necessarily higher. If times were normal all through and there

was no change in labor conditions and no fluctuation in the prices of raw material——

The CHAIRMAN (interposing). Of course, every price is going down in the year?

Mr. MYERS. Yes, sir.

The CHAIRMAN. It is not going up?

Mr. MYERS. Right now we will have to get out the schedule of supplies.

The CHAIRMAN. The law requires you to obligate the Government now for the fiscal year?

Mr. MYERS. We do not obligate the Government; we may not buy a thing.

The CHAIRMAN. I understand; but you obligate it as to price?

Mr. MYERS. The law requires us to make annual schedules of contracts.

The CHAIRMAN. But does not say when?

Mr. MYERS. Our contracts all terminate the 30th of June.

The CHAIRMAN. But what of it? Suppose you were without contracts for a while?

Mr. MYERS. That would be all right if we had some agency of the Government to handle the situation from that point on. That is the point that was brought out before your committee. There really ought to be a bureau of supplies to make all purchases for the Government service in Washington. They could make a contract direct with some contractor or some manufacturer for the building of 150 desks of a certain type required by the departments. No exigency that might arise in a long period of months would be taken into consideration in a case like that. The various manufacturers could bid at the lowest and best rate and the Government would save a lot of money handling contracts in that way. Whenever a Government bureau or independent bureau wanted any material or supplies they could go to this bureau of supplies and ask the bureau of supplies to purchase it to the best advantage. Instead of having 70 agencies, you would have but one, a purchasing agency that would be expert in every line.

The CHAIRMAN. What provision of law requires you to make contracts for annual supplies?

Mr. NORWOOD. The act approved June 17, 1910.

The CHAIRMAN. I have that in front of me. I should like you to designate the language which requires that. There is not a line that requires it.

Mr. MYERS. It says:

The duties of which committee shall be to make, under the direction of the said Secretary, an annual schedule of required miscellaneous supplies, to standardize such supplies, eliminating all unnecessary grades and varieties, and to aid said Secretary in soliciting bids based upon formulas and specifications——

The CHAIRMAN (interposing). There is not a line in that law that requires you to enter, at the beginning of the fiscal year, into contracts for supplies of any kind at any given price. You can not read a line of the law that warrants that statement.

Mr. MYERS. That is the way I interpret the law and that has been done since passage of the law.

The CHAIRMAN. That is the trouble with the departments, that whatever is done once has to be done for the rest of time, whether

here is any requirement of common sense that justifies it or not. I am calling it to your attention in view of the statement you have just made.

Mr. MYERS. If that is the case, shorter term contracts could be made.

The CHAIRMAN. It does not say when the schedule shall be entered into; it simply says that you shall make an annual schedule to assist the Secretary in making contracts that shall be obtained in the method indicated.

Mr. MYERS. Annual schedule is the statement of the contracts.

The CHAIRMAN. No; it is not anything of the kind, unless you make it so. A schedule is a schedule, it is not a contract by any construction of law. It says you shall make an annual schedule of needs.

Mr. MYERS. I do not read it so. It reads: "An annual schedule of required miscellaneous supplies."

NOTE.—An annual schedule of needs would mean little or nothing to departments. Departments must have schedule of contracts and prices from which to make purchases.

The CHAIRMAN. That is the needs, not the contracts.

Mr. BYRNES. That is a schedule of your needs only. You have not any law requiring you to do it.

The CHAIRMAN. Please put a statement in the record.

(In compliance with the above request of the chairman, the following statement was submitted by Mr. Myers:)

NOTE.—An annual schedule of needs made annually would mean nothing and be of no service in the administration of the law. I have looked over the opinions of the Attorney General and Solicitor of the Treasury and find that "annual schedule of required miscellaneous supplies" has always been interpreted as meaning an annual schedule of contracts made for supplies at a given price. The Secretary can amend this schedule during the year but the law requires him to make contracts for supplies and list them in an annual schedule with prices, etc., so as to enable departments to have information from which to make purchases as required by the law.

Mr. MYERS. I do not think that merely a contract agency answers the purpose; and that is my position in the matter.

The CHAIRMAN. What recommendation have you?

Mr. MYERS. I think there ought to be a bureau of supplies that contracts for the purchase and delivery of supplies in the District of Columbia.

The CHAIRMAN. In the meanwhile you have more supplies than you know what to do with as to most articles?

Mr. MYERS. That is true. Such a bureau would always have to furnish supplies on hand first and would only go into the market for supplies in case they could not furnish them.

BASIS OF ESTIMATES—EXECUTIVE ORDERS.

(See pp. 703, 707, 726.)

The CHAIRMAN. I should like to know what reason in the world there can be for \$200,000 expense in order to administer the order that the President issued.

Mr. MYERS. We contemplated in the first instance, when the first Executive order was submitted to the President by the Secretary of the Treasury and signed by the President, to handle the whole matter of this transfer with details, and that was told the President. A

couple of days later, in accordance with the recommendation of this committee, he changed that order quite considerably, requiring that track be kept of each article from the time it was purchased until that particular article is transferred and sold to another bureau.

The CHAIRMAN. The reason for the change in the order was that the first one was about as valuable as a piece of blank paper. There is not a department of the Government that could not have driven a coach and four through the entire requirements and would have done it.

Mr. MYERS. It required them to make purchases.

The CHAIRMAN. It required them under certain regulations that would have bound nobody, and the departments of the Government would have paid no more attention to it than if it did not exist. It was in order to get a real order, one that had teeth in it, that would make the departments that do not want to obey the order obey it that the new order was written, largely by myself, and submitted to the President for his approval.

Mr. MYERS. Yes, sir. In that order it was contemplated that the General Supply Committee would put a value on the furniture that was to be transferred, a reasonable market value on it, and that the purchasing office would pay for it and the receipts would be deposited in the miscellaneous receipts.

The CHAIRMAN. The original order left it with each department to do what it pleased, to condemn and sell it and get whatever value it wanted on it, which meant to practically junk it.

Mr. MYERS. It would not have been handled in that way, I can assure you.

The CHAIRMAN. Judging from the experience that this committee has had with the departments, no department ever takes anything that is not of its own choosing if it can get out of taking it.

Mr. MYERS. No.

The CHAIRMAN. And the General Supply Committee, when you made a defense against it, said that it was desirous of doing things, but could not compel the departments, and so we gave you an order that would compel them?

Mr. MYERS. Exactly. We agree that it has added to the value of the order.

The CHAIRMAN. What I am concerned about is that it should have added \$200,000 to the expense, and I want to know why.

Mr. MYERS. Under the present order, instead of handling the furniture in bulk, you have got to keep track of every individual pen and penholder, etc.

The CHAIRMAN. When it is transferred to you it comes to you, or should come to you, with a statement of what is given over and all that is required is to check that up?

Mr. MYERS. You have to put on there how much it costs, from what appropriation it was paid, each individual item, and then, when transferred to another bureau, we have to keep a record of the appropriation.

The CHAIRMAN. I do not find that in this Executive order. Maybe it is like the law which defines your being—you have not read it with detailed care. I do not see anything in the Executive order that requires that there should be stated the appropriation from which it came.

Mr. NORWOOD. The order provides that—

All material obtained from the Secretary of the Treasury shall be paid for by transfer appropriation from the purchasing service to the selling service and the proceeds turned into the Treasury in accordance with existing law.

Some laws permit it to go back to the appropriation, and if we did not know the appropriation we would not know how to credit the money.

The CHAIRMAN. That is not your duty?

Mr. NORWOOD. We have to give the information to the auditor.

The CHAIRMAN. I do not see why you have to give the information to the auditor.

Mr. NORWOOD. So that he will know what appropriation to credit or whether the law allows the department to receive credit for it.

The CHAIRMAN. In the first place, it will not be many weeks before the provision crediting the moneys received from the sale of any property will have been repealed so that phase of it will be eliminated.

Mr. MYERS. If that is eliminated, that will eliminate a lot of work.

SATURDAY, JANUARY 11, 1919.

BASIS OF ESTIMATES.

(See pp. 703, 705, 726.)

The CHAIRMAN. Last night you were about to present the basis for your estimate of \$200,000. Are you prepared to present that now?

Mr. MYERS. Mr. Chairman, I notice in the legislative bill, section 7, a provision which, if enacted, it seems to me, would make unnecessary any appropriation. It would relieve the Treasury and the General Supply Committee of handling any of this stuff.

The CHAIRMAN. In what regard?

Mr. MYERS. This provides that any department needing materials shall go direct to the other departments and purchasing offices of that department and ascertain if they have the required material on hand, and if so to purchase from that one or more departments direct, decentralizing the work of collecting and transferring this material.

The CHAIRMAN. I am not prepared to admit that that construction is warranted by the language.

Mr. MYERS. I may be mistaken. I just saw it a moment ago and read it hurriedly, but that seemed to me to be the way it would be interpreted. I would like to say that we are having difficulty now in getting some departments to take the material that we have on hand because it is not exactly the stuff they want.

Mr. JACQUES. It will be of the same general type, but not exactly the same thing.

Mr. MYERS. For instance, they want a bent-wood chair with a wooden seat in it instead of a cane seat, and we have a cane-seat chair. That is just an illustration. They will want 500 bent-wood chairs exactly the same with no differences in make, etc.; and if this matter is to be handled to the best advantage to the Government we have got to have something to strengthen us. I am afraid the departments will get a legal interpretation of the section 7 as I think

it would be interpreted and disregard the General Supply Committee entirely.

The CHAIRMAN. Well, ignoring that phase of it, what have you to submit?

CLERICAL FORCE.

Mr. JACQUES. We submit the following force to handle it. We have estimated for clerical force for 18 months a total of \$44,550; 2 messengers, at \$2,160; 12 people in the repair department. This is because a great deal of this material that is being turned in—the typewriters and everything—has got to be gone over before it can be reissued, the typewriters particularly, because they are out of alignment, and lots of them are not in condition so that they can be issued and be very satisfactory, unless they are gone over and the necessary repairs made. Thirty-two laborers and truck drivers, at a cost of \$36,720, and 6 watchmen, at a total of \$60,480.

Then we have them listed in detail each class.

CHIEF OF PROPERTY TRANSFER.

The CHAIRMAN. You start out with a chief of property transfer. What is the need of him? Why is not this supply committee able to do this work?

Mr. MYERS. It will take all of a man's time until this matter of a transfer is effected.

The CHAIRMAN. All right; but the biggest part of your work now is going to be this work, because most of your old work is absorbed by this new work.

Mr. MYERS. The General Supply Committee's work; yes.

The CHAIRMAN. Then why can you not do it?

Mr. MYERS. It takes a man away from his department and requires all of his time.

The CHAIRMAN. The members of the General Supply Committee are away from their departments anyway, are they not?

Mr. MYERS. They only give a part of their time to the work, and practically all of them have their duties in their respective divisions and certain services to perform. If the men appointed to this supply committee from the various departments are the kind of men we need on the General Supply Committee, they do occupy important positions in their respective departments.

The CHAIRMAN. I do not see that that follows.

Mr. MYERS. It has been the case, and it has worked out in this way for years: The men that do the most work on the General Supply Committee are the men who have the most responsible positions in their respective departments.

MEMBERS OF GENERAL SUPPLY COMMITTEE.

The CHAIRMAN. Who constitute the General Supply Committee now and what are their duties other than as members of that committee?

Mr. MYERS. Each head of the 10 departments—

The CHAIRMAN (interposing). Give us their names and what they do.

Mr. MYERS. I am not a member of the General Supply Committee. Mr. Norwood, the superintendent, can answer you.

Mr. NORWOOD. The State Department, Mr. Wright, employed in the stationery division of the department. I think he handles the requisitions on the State Department for supplies. Treasury Department, Mr. Butrick, requisition clerk in the office of the chief clerk of the Treasury Department, drawing orders and looking after requisitions.

Interior Department, Mr. Prather. I do not know his duties, but he is connected with supplies in the Interior Department. Justice, there is now a vacancy. Mr. Hise was the former member. The position has not been filled. Post Office Department, Mr. Austin was the representative. He died on the 28th or 29th of December. He was chief clerk in the office of the purchasing officer. The position has not been filled since his death. War Department, Mr. Watkins, who is connected with the medical part of the War Department. This position was formerly filled by Mr. Drane, who was the chief of the supply division, but when the war broke out Mr. Drane's duties as purchasing agent were too heavy and he had to be relieved. Navy Department, Mr. Turkenton, who is chief of the Supply Division of the Navy Department. Department of Agriculture, Mr. Jacques. Mr. Jacques is the party who now has charge of this work and who the committee believes should be the chief of the property transfer division, inasmuch as Mr. Jacques has handled furniture and equipment in connection with the General Supply Committee for several years and knows more about the value of the articles than any other member of the committee.

CARE OF PROPERTY—METHOD OF ISSUANCE.

(See pp. 717, 720.)

The CHAIRMAN. What plan have you adopted for taking care of this property?

Mr. NORWOOD. We have the regulations of the Treasury Department dated December 10, which I will leave with you and which gives full detailed information of the plan.

The CHAIRMAN. Put it in the record?

Mr. NORWOOD. Yes.

Mr. MYERS. It also includes the Executive order which is printed in the circular.

The paper referred to follows:

REGULATIONS RELATING TO THE TRANSFER OF MATERIAL, SUPPLIES, AND EQUIPMENT.

[1918.—Department Circular No. 129.—Chief Clerk.]

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, December 10, 1918.

To all whom it may concern:

"EXECUTIVE ORDER.

"Whereas the present emergency has created a condition whereby large quantities of office material, supplies, and equipment now in the hands of the executive departments and other establishments of the Government in the District of Columbia will fall into disuse because of the cessation of war activities, or for other reasons, it hereby is ordered that all such office materials, supplies, and equipment not required for use

by the executive departments and independent establishments be transferred hereafter to the Secretary of the Treasury, to be handled through the General Supply Committee for the benefit of the municipal government and the governmental service in the District of Columbia in the following manner:

"1. The several executive departments and independent establishments and the municipal government in the district of Columbia shall not purchase any of the classes of material described herein unless the Secretary of the Treasury has certified that there is not in the possession of the Government material, equipment, or supplies that are serviceable.

"2. No executive department, independent establishment, or the municipal government of the District of Columbia shall be permitted to obtain any of the classes of material, supplies, and equipment described herein from the Secretary of the Treasury unless such services have an appropriation available for the procurement thereof.

"3. All material obtained from the Secretary of the Treasury shall be paid for by transfer of appropriation from the purchasing service to the selling service and the proceeds covered into the Treasury in accordance with existing law.

"4. All material, supplies, and equipment purchased hereunder by one service from another, if the same has not been used, shall be sold at actual cost, and if the same has been used, at a cost based upon length of usage, but in no instance to be less than seventy-five per centum of cost.

"5. Material of the classes herein described which is condemned as unfit for use may be disposed of otherwise than to governmental services by the Secretary of the Treasury. And usable material remaining unsold to other services of the government shall be held by him for disposition by law.

"6. The Secretary of the Treasury shall keep a record of all material received and disposed of by him hereunder and the price at which disposed of and shall prescribe the regulations necessary to carry this order into effect.

"7. This order shall supersede the Executive Order of November 29, 1918, dealing with the same subject-matter.

"WOODROW WILSON.

"THE WHITE HOUSE,
"3 December, 1918."

In pursuance of the foregoing, the following regulations are prescribed:

1. All office material, supplies, and equipment now in the hands of the executive departments and other establishments of the Government in the District of Columbia, which will fall into disuse because of the cessation of war activities, or for other reasons, shall hereafter be transferred to the General Supply Committee. The office transferring the articles to the committee shall make a complete inventory of the same, using transfer invoice, G. S. C. Form No. 22, giving full description thereof, cost, and appropriation from which purchased.

Dept. or Est. No. TRANSFER INVOICE. G. S. C. Invoice No.
GENERAL SUPPLY COMMITTEE,
Fourteenth and B Streets S.W.,
Washington, D. C. Date

In accordance with Executive Order, dated December 3, 1918, and Treasury Department Circular No. 129, dated December 10, 1918, you are advised that the has the following articles available for transfer which were purchased under appropriation.....

(NOTE.—Make separate invoice for each class of article and submit in duplicate.)

Quantity.	Item No.	Description.	Unit cost.	Amount.	Remarks.

G. S. C. FORM No. 22.

(Title.)

The transfer invoice form shall be executed in triplicate, the original and duplicate copies forwarded to the General Supply Committee, and the triplicate copy retained in the files of the office transferring the articles. The office transferring the articles to the committee shall properly classify the same, using either G. S. C. Form 23, classification tag (article), or G. S. C. Form 24, classification tag (lot), which must be attached to the article or lot.

Delivery Instructions.	CLASSIFICATION TAG (Article).
	Article.....
	Item No.....
	Dept. or Est.....
	Bureau or Office.....
	Transfer Invoice No.....
	Unit Cost.....
Appropriation from which purchased.....	
(Above to be filled in by Dept. or Est.)	
General Supply Committee Article No.	

G. S. C. FORM No. 23.

CLASSIFICATION TAG (Lot).

Article.....
 Item No.....
 Dept. or Est.....
 Bureau or Office.....
 Transfer Invoice No.....
 Unit cost.....
 Appropriation from which purchased.....

(Above to be filled in by Dept. or Est.)

General Supply Committee Lot No.

G. S. C. FORM No. 24.

Upon receipt of the transfer invoice, the General Supply Committee, provided the articles are properly classified, will take over the office material, supplies, or equipment in question, issuing transfer invoice receipt, G. S. C. Form No. 25, therefor.

TRANSFER INVOICE RECEIPT.

G. S. C. Invoice No.....

GENERAL SUPPLY COMMITTEE,
Fourteenth and B Streets SW.,
Washington, D. C.

Received from.....
 (Dept. or est.) (Bureau or office.)

The following articles applying on your Transfer Invoice No.....

Quantity.	Item No.	Description.	Article or lot No.	Remarks.

Date.....

G. S. C. FORM No. 25.

Receiving Clerk.

A proper record shall be kept by the General Supply Committee showing the office material, supplies, and equipment received, the executive department or other establishment from which received, the cost thereof, and appropriation from which purchased.

2. Before issuing an order for material, supplies, or equipment to commercial dealers, every ordering officer of the executive departments and independent establishments of the Government in the District of Columbia, and the municipal government of the District of Columbia, shall, preliminary to the signing of such order, submit to the General Supply Committee a list or lists, showing all articles contemplated to be ordered, together with the quantities thereof. The articles must be identified by the number of the order upon which it will be embraced, or by the number of the requisition upon which it is required, according to which of such designations concords best with the existing systems of purchase. Upon receipt of such lists they will be viséed by the General Supply Committee and returned to the ordering officer with an indorsement indicating which of the articles should be procured from the committee and which may be ordered from commercial dealers, together with specific authorization for the latter method of procurement, which specific authorization shall be certified by the Superintendent of Supplies, General Supply Committee, in the following form:

Above items, stamped G. S. C., should be procured from the General Supply Committee. All unstamped items are hereby authorized for purchase from commercial dealers in compliance with provisions of existing law, it being hereby certified that there is not already in the possession of the Government and available for transfer through the General Supply Committee similar material, equipment, or supplies that are serviceable.

By direction of the Secretary of the Treasury.

.....
*Superintendent of Supplies,
 General Supply Committee.*

Date:

3. The several executive departments and independent establishments of the Government and the municipal government of the District of Columbia will use their regular order forms in making requisition for office material, supplies, and equipment referred to above. All material, supplies, and equipment issued by the committee, if the same have not been used, shall be sold at actual cost, and if the same have been used, at a cost based upon length of usage, to be fixed by the General Supply Committee, but in no instance to be less than 75 per cent of cost.

4. In drawing an order on the General Supply Committee for material, supplies, or equipment, the ordering officer shall state the appropriation to which the articles are properly chargeable. Upon delivery of said material, supplies, or equipment to the ordering office, delivery receipt, G. S. C. Form No. 26, shall be given to the General Supply Committee.

DELIVERY RECEIPT.

Dept. or Est. Order No. G. S. C. Abstract No.
 GENERAL SUPPLY COMMITTEE,
 Washington, D. C.
 Appropriation.....
 Deliver to.....
 Date promised.....

.....
Clerk in charge of stores.
 Filled..... Checked..... Driver.....

Quantity.	Item No.	Description.	Unit value.	Amount.	Article or lot No.

Received in good condition from the General Supply Committee.

Date.....
 G. S. C. FORM No. 26. (Title.)

5. In ordering material, supplies, and equipment from the General Supply Committee, the office ordering the article shall forward with each of such orders a complete set of its voucher forms, upon which the account for the articles should be rendered. The General Supply Committee, when the material, supplies, and equipment embraced upon the order have been delivered, will prepare a voucher therefor upon the voucher forms accompanying the order. This voucher will be certified by the superintendent of supplies, General Supply Committee, and forwarded to the ordering office or the necessary certification, approval, and record; whereupon it will be forwarded to the proper auditor for settlement and adjustment of appropriations.

6. All material, supplies, and equipment transferred to the General Supply Committee not suitable for reissue or for further Government use, upon approval by the Secretary of the Treasury, shall be condemned as unfit for use and sold by the General Supply Committee, the proceeds to be deposited and covered into the Treasury as miscellaneous receipts or to the credit of the proper appropriation where authorized by law. All usable material remaining unsold to other services of the Government on account of excess cost or for other reason shall be held by the General Supply Committee, and it shall make a full report at the close of each fiscal year to by the Secretary of the Treasury regarding such material, supplies, and equipment, together with its recommendation for enactment of law relative to its disposal.

7. The General Supply Committee shall keep a record of all material received and disposed of by it, as provided for by the Executive order and by these regulations, and make report to the Secretary of the Treasury at the close of each fiscal year, showing (1) the cost of articles transferred to it by each of the executive departments and other establishments of the Government in the District of Columbia; (2) the cost and selling price of articles issued to each of the executive departments and independent establishments and the municipal government of the District of Columbia; (3) the inventory value of articles condemned and sold, together with the amount covered into the Treasury as proceeds of condemned Government property; (4) cost of articles on hand.

8. All correspondence in connection with the foregoing should be addressed to the General Supply Committee, The Auditors' Building, Fourteenth and B Streets SW., Washington, D. C.

W. G. McAdoo, *Secretary*.

The CHAIRMAN. But what have you physically done? Where are you getting this stuff and how are you housing it?

Mr. JACQUES. We are getting it from the War Industries Board, the Food Administration, Fuel Administration, and the War Department. On the 8th we made up a list of the amount turned over to us and it was \$42,000 that had been turned over. We had requisitions for \$27,000. Since then we have received, I should say, at least 120 requisitions and roughly I should say they totaled \$20,000 worth of supplies. Since the 8th we have received 600 typewriters, 100 of them turned in by the War Industries Board and about 200 from the Food Administration. They are all used machines, miscellaneous kinds and types and length of carriages, and we are storing those in the rooms of the General Supply Committee for the present. We have not very much space there, but we are storing as much stuff as possible right there for reissue on small orders. We get orders for one, two, three, or four typewriters at a time, and we can fill those orders from that supply. Yesterday the War Industries Board gave us eight vanloads of miscellaneous expendable supplies. By expendable supplies I mean pencils, paper, ink wells, ink, clips, and everything imaginable used in an office. There were in the War Industries Board building, which is the old Food Annex, and the War Finance Bureau of the War Department are moving in there. They were moving in and said that this stuff has got to go out, and if we do not take it they are going to put it in the street. It came down to us, not classified, but just as one mass of miscellaneous stuff.

The CHAIRMAN. Was there any reason for moving it out?

Mr. JACQUES. The War Department said that if we did not move it they would put it in the street, and we have not any control over the War Department.

The CHAIRMAN. But I am asking you if there was any reason for moving it out.

Mr. MYERS. This, as I understand it, was the need for it. The War Department reorganized their financial bureaus, centralized them, and formed a big central bureau. They had been in rented buildings scattered all over town and they wanted this building for that purpose. That is all I know about it.

The CHAIRMAN. But that does not explain the situation. When they go in there they are going to have a room for supplies.

Mr. JACQUES. They will not have a room for supplies in that building. They will bring their supplies from the Supply Division of the War Department, or wherever they draw them from. They will not have a supply bureau in that building.

The CHAIRMAN. That is not what I am talking about. What you are doing is that you are moving the same character of supplies out of a building and then moving them back into the building.

Mr. JACQUES. There would be hundreds of things in that stuff that they would never have any use for; that that particular branch would not need.

Mr. MYERS. The War Department is not buying supplies from us. They have all this stuff on hand.

The CHAIRMAN. I understand they have, but when they move out of a building they take the supplies from building A and put them in building B, and then they take the supplies in building B and move them out and give them to you. Now, somebody goes into building A and in turn supplies are moved into building A, and I am wondering whether some system could not be worked out by which, instead of constantly moving things out of a building and moving other things of the same nature back in—

Mr. JACQUES (interposing). We are working to that end as much as possible. Whenever we find a bureau is going to move into a certain building we take up with them and see if it is not possible for them to use the equipment in there. I did that yesterday with the Department of Labor. They are going to use four bays in the Food Administration No. 2, and I saw Mr. Gompers, the chief clerk, to see what equipment he would need and if he could not use the equipment, the desks, and all that kind of thing, that belongs to the Food Administration in that building. He said that these people were in a rented building and have their own equipment and that he did not think they would need any of that stuff. He said, however, that he would take it up and see what he could do, but that they were going to move their stuff out of a rented building into this building.

Mr. MYERS. The Treasury Department did the same thing in regard to the Auditor for the War Department.

Mr. JACQUES. Yes. They were going to move into a building and wanted equipment for 200 people. We did not move a thing there. We just supplied them with the 200 desks and 200 chairs from some other location, from a rented building which was being given up. The War Industries Board left all their old equipment in the Auditor for War Department Office and where they were going to put in these 200 people they took everything new from the War Industries Board. We are trying to save every haul possible.

The CHAIRMAN. To what extent is the fact that this material is available increasing the demand of the departments for material?

Mr. JACQUES. I do not think it is increasing their demands for material.

Mr. MYERS. I think it is rather slowing them up because the tendency is that they do not want secondhand material, and they have got to take it if they take anything. So far as the Treasury Department is concerned, we are going to take everything we can, but it is mighty hard to pay more right now out of our appropriations than we could get them for from the schedules, but we are doing it.

Mr. JACQUES. For instance, we will find instances where there are uprights on the general supply schedule at the contract price of \$24.83 and we have found some of the war bureaus have bought up uprights that cost \$42.50 or an increase of \$18.

The CHAIRMAN. What do you mean by an upright?

Mr. JACQUES. A four-draw letter upright, or file cabinet, four drawers high and one drawer wide.

Mr. EAGAN. Vertical filing?

Mr. JACQUES. Yes, sir. Their contract price was \$24.83, but a lot of them had been bought for \$42.50. When we attempt to deliver somebody an upright file for \$42.50 when we can buy a better one off of the schedule for \$24.83, you are antagonizing him and he says, "I am unnecessarily depleting my appropriation."

The CHAIRMAN. On what occasions has that occurred?

Mr. JACQUES. We had a case yesterday, which I believe I explained to you, of steel uprights with the 5 by 8 CI sections.

The CHAIRMAN. Who bought them?

Mr. JACQUES. The particular ones were bought by the War Industries Board.

The CHAIRMAN. At prices in excess of what they could get them from you?

Mr. JACQUES. In excess of the price on the schedule, but they were bought under an exigency, because the contractor was unable to furnish them in the time required.

Mr. MYERS. There was a great shortage in the city of Washington in file cabinets for a number of months and you could not buy any for love nor money for a time.

Mr. JACQUES. And the dealers who were able to get them sold them at a higher price. They were bought in the open market under an exigency statement made by the head of the department or the Supply Division, or whatever bureau it might have been.

The CHAIRMAN. Of course the department buying them now would pay 75 per cent of this added price.

Mr. JACQUES. If they had been used, but some of these are new.

The CHAIRMAN. That might deplete that fund, but it does not deplete the Treasury but saves money.

Mr. JACQUES. Yes; it all comes out of the same general fund. It is all Uncle Sam's money, but they are figuring on not unnecessarily depleting their particular appropriation.

The CHAIRMAN. Nobody is concerned with that except themselves, and they have no right to be.

Mr. JACQUES. They say, "We won't certify the voucher. If you send it, we won't accept it." That is one thing we are up against. We had a case not long ago of that kind, of 125 chairs.

The CHAIRMAN. What individual has stated that he will not accept it? Give me his name for the record.

Mr. JACQUES. I do not know the man's name. I was talking over the telephone with him at the Interior Department. That was on bentwood chairs. We had bentwood chairs and they wanted 420. I believe, and he said, "We won't accept them unless we get 25 per cent off the price." I said, "If they are new chairs they will be at the cost price. If they are used, the discount will be based on the length of usage or the condition of the article." He said, "I won't take them unless I get them at a bargain and I won't take them unless I get every one just alike."

The CHAIRMAN. I want to know who that was.

Mr. JACQUES. I can not tell you his name at this moment, because I do not know.

The CHAIRMAN. What did you do about that matter?

Mr. JACQUES. He has never put in his requisition to us and we did not deliver them. I told him what he would have to do, and he said: "We won't do that," and I do not know what he has done.

The CHAIRMAN. Do you bring that to the attention of the head of the department when you get a case of that kind?

Mr. JACQUES. This was a man in the chief clerk's office. I did not call Mr. Ayer's attention to it; no, sir.

The CHAIRMAN. We would like, instead of these general allegations, to know the individuals, so we can make a record of them.

Mr. MYERS. We have just started on the work.

Mr. CHAIRMAN. The difficulties are really just beginning. We have just had the beginning of this tendency.

Mr. JACQUES. Several have said, "We do not want to take these articles over unless we get them for as little or less than the contract price. We will cancel our requisition rather than pay more than the contract price for the articles."

Mr. MYERS. When the matter comes up, we will take it up with the heads of the respective departments. We had a case in our own department where one of the requisitioning officers of the Treasury Department wanted a number of chairs and called up the general supply committee and wanted to know whether they had them, and said he would not take them unless they were all right.

The CHAIRMAN. Who was he?

Mr. MYERS. He is the head of the Supply Division of the Internal Revenue.

The CHAIRMAN. What is his name?

Mr. MYERS. Vaughan. That is easily corrected.

Mr. JACQUES. Mr. Myers corrected that.

Mr. MYERS. I am the purchasing officer of the Treasury Department.

Mr. JACQUES. I took it up with Mr. Myers and he said, "We will take them."

Mr. MYERS. That matter was easily corrected because he has no purchasing authority at all. He has no authority other than to make requisitions for a certain number of chairs, and then the department purchases them for him. But that illustrates the tendency, and it will have to be dealt with, and the only way to deal with it, as it develops, will be for the Secretary of the Treasury when he gets the information in detail to take it up with the head of the department affected.

Mr. JACQUES. And as long as we have furniture of the same general type that is usable, the department should use it.

The CHAIRMAN. Are you going to keep memoranda of the facts so that the men who are responsible can be held to their responsibility?

Mr. MYERS. By all means.

Mr. JACQUES. Yes, sir.

Mr. MYERS. We will issue an order to the General Supply Committee to that effect.

ESTIMATED VALUE OF PROPERTY EXPECTED TO BE RECEIVED.

The CHAIRMAN. You are expecting to get property of what value?

Mr. JACQUES. We do not know what the departments will turn over. The war bureaus and departments that have really bought largely since war was declared, we had an estimate of over \$6,000,000, or between six and seven million dollars. That included the War Department, Supply Division, the Food, Fuel, Council of National Defense, War Industries Board, War Risk Insurance, and Internal Revenue. War Risk Insurance will not turn over very much stuff, I think, but we do not know how much the others will turn over except that the War Industries Board will turn over everything. They have 140 van loads in storage right now and are paying \$700 a month storage. When they had to give up their buildings they put that material in storage. They told me, "You will have to take this material over because we will have to release the building and you will have to take this 140 van loads or else take up this lease. We are going to give them notice that it is up to them to do something with that."

CARE OF PROPERTY—REISSUANCE OF PROPERTY.

(See pp. 709, 720.)

The CHAIRMAN. In the meantime who is responsible for the care of that property?

Mr. JACQUES. They are responsible for it until they turn it over to us, and when they turn it over to us we have either got to move it out or assume that lease.

Mr. MYERS. And we will not accept it under those conditions unless it is in the interest of the Government to do it. They will have to take care of it until it is turned over to us.

The CHAIRMAN. Why are you proposing to take care of this material?

Mr. JACQUES. We were in hopes of getting some of the temporary buildings west of Seventeenth Street to use as a place of storage, being centrally located. There is a vast amount of expendable stuff. The Food Administration have practically \$70,000 worth of expendable supplies, not equipment. Their equipment totals \$504,000 exclusive of expendable supplies. By expendable supplies I mean things that are consumed in their use like pens, pencils, and paper. That would also include desk accessories like inkstands and all that type of material.

The CHAIRMAN. Why is an inkstand consumed in its use?

Mr. JACQUES. They would not be consumed, but they were included in this stationery proposition because they come under the stationery schedule.

The CHAIRMAN. Are they turning over unused stationery?

Mr. JACQUES. Yes, sir; and we are reissuing it. We received yesterday 47,000 of one kind of folder.

The CHAIRMAN. How about pens and pencils?

Mr. JACQUES. We are getting from the War Industries Board 400 gross of pencils. We are issuing some of them. We are issuing 3,000 rolls of toilet paper on one order. We have issued, I should say, 125 typewriters and practically 300 of those steel upright files which I mentioned before. We have issued a great quantity of wastebaskets and wire and wooden desk baskets for holding correspondence on the desk.

Mr. MYERS. May I interject right here that the provisions of section 7 in the legislative bill provide a different basis of sale. At the present time under executive order we are held to the cost price or 75 per cent thereof if used. This section 7 provides the reasonable value, and who would determine it? It would have to be an agreement between the departments unless there is some more or less independent agency to set a price upon the real value. There is going to be great difficulty about it, I am afraid. I do not object to this matter going away from the Treasury Department and the General Supply Committee because we have been working our heads off trying to get order out of chaos here; but I fear great difficulty if that is passed in its present form.

The CHAIRMAN. You presented what estimate, if any, to the legislative committee for next year in this regard?

Mr. MYERS. Nothing at all.

Mr. NORWOOD. I made the statement before the legislative committee that there were seven additional clerks asked for. If the war had continued, I think I stated, undoubtedly the committee would be required to make short-term contracts and thereby require more work in the office making the contracts, and that if the war ceased, undoubtedly some of those clerks would, if allowed, be used in connection with the transfer of materials which the committee had under advisement.

Mr. MYERS. Were they given?

Mr. NORWOOD. No; the committee allowed three. The chief clerk, which I asked for, is allowed in the legislative bill; but that has nothing to do with this transfer.

The CHAIRMAN. It has this to do with it, you have got three additional clerks.

Mr. NORWOOD. But one is the chief clerk of the General Supply Committee.

The CHAIRMAN. But there are three additional people to work there?

Mr. NORWOOD. Yes.

Mr. MYERS. But in making our estimates, the estimates were made before this situation arose and we did not take these matters into consideration.

HOUSING FORCE.

(See p. 722.)

The CHAIRMAN. Where do you propose to house the force you are asking for here?

Mr. MYERS. I have assigned 50,000 square feet of floor space in the War Industries Building for expendable supplies, etc., which we have just had to take over. However, I would hesitate to take over a bit more if this legislation is going through in that form because the General Supply Committee has taken over some of these supplies and materials and if that goes through and it is taken out of the General Supply Committee they are caught with this material, because under the Executive order they can not sell that at less than a certain price. The Treasury Department is trying to provide them with the necessary space for their clerical force and for their minimum requirements for storing what they call expendable supplies and materials.

HAULING FACILITIES.

(See p. 721.)

Mr. JACQUES. Mr. Chairman, in regard to what was said yesterday as to the necessity of having trucks for hauling and handling, we found these requisitions from the District government. This includes the District government. There [indicating] is an order for 140 chairs to be delivered to 18 different points—18 different school buildings—120 bentwood chairs to be delivered at 16 different school buildings, and 40 clocks to be delivered at 17 different buildings and to be hung. Of course, we can not hang them.

The CHAIRMAN. That is not a very difficult problem.

Mr. JACQUES. It requires trucks.

The CHAIRMAN. No; it does not require trucks. It just requires that same degree of common sense which seems to be so rare. The District government has trucks that the Government appropriates money for and maintains for the purpose of taking care of their business. If their attention were brought to that fact and if they were to exercise that same quality which I have been speaking of it would result in their using their trucks for the distribution of this material.

Mr. JACQUES. Do you think that the different departments would have the equipment? They would not have the equipment to take care of the furniture and so forth which is needed by them.

The CHAIRMAN. Why not?

Mr. NORWOOD. Why not amend the legislation requiring the departments demanding these supplies to haul them?

Mr. MYERS. We have done this in several cases where requisitions have been made on the various departments. In the Treasury Department, for instance, they have made a requisition on the General Supply Committee for some of this stuff to be transferred, and they have frankly said that they could not haul it.

The CHAIRMAN. What is done now under the old order?

Mr. MYERS. They do not handle any supplies—there is just a contracting agency.

Mr. JACQUES. The contractor delivers at each one of these points.

STOREHOUSE.

(See p. 722.)

The CHAIRMAN. Do you keep a certain amount of stuff in stock?

Mr. JACQUES. The General Supply Committee does not handle anything—only the samples which are submitted in connection with the contracts.

Mr. MYERS. That was the thing I called attention to before, that it is not the best way or most economical way for Uncle Sam to handle supplies in the District of Columbia. Large business houses, manufacturers, railroads, and cities have a central supply establishment.

Mr. JACQUES. Just as a railroad has a general storehouse.

The CHAIRMAN. Where do you propose, if this money were given you, to create a supply depot?

Mr. JACQUES. We do not know what building we would be able to get. We have been in the hope of getting assigned to us one of the temporary buildings down west of Seventeenth Street or the one occupied by the War Department next to the Museum, or anything that was available. We do not know what we could get.

Mr. EAGAN. How much space do you think you will need?

Mr. JACQUES. We do not know what is going to be turned over to us. Nobody can tell us except the Food Administration and the War Industries Board.

The CHAIRMAN. Of course, all of this stuff is now housed in buildings rented or owned by the Government?

Mr. JACQUES. Yes, sir.

The CHAIRMAN. And most of it is housed in buildings owned or which will continue to be rented, and so, except for redistribution, there is housing space now?

Mr. MYERS. The difficulty is that in these temporary buildings where it is now located arrangement has been made to get the clerical force out of rented buildings into these temporary buildings. That is the great pressure.

The CHAIRMAN. Here is a building on the Mall that is being occupied by some governmental agency which gives it up and another governmental agency goes into it?

Mr. MYERS. They bring their stuff with them.

The CHAIRMAN. That is just it; that is the idiocy of it.

Mr. MYERS. They can not leave that in rented buildings; they are coming mostly from rented buildings.

The CHAIRMAN. What you need to figure on at the outside would be the amount of stuff that would come from rented buildings.

METHOD OF ISSUANCE—REQUESTS FOR SUPPLIES.

(See pp. 709, 717.)

Mr. MYERS. A plan is being gradually worked out whereby they can turn in to the General Supply Committee a certain amount of stuff and have the General Supply Committee furnish material to take its place.

Mr. JACQUES. For instance, there is an office moving from the Premier Apartment. They are moving those people down into the space formerly occupied by the War Finance office. The equipment

which they have is suited to their particular needs. Of course, desks and chairs generally can be used in any office. Their files are all loaded and they move them with the papers in the files. As their equipment is supposed to suit their particular needs, they would not want to leave that there and then only have half of the things. There was an illustration of that in the War Department, one division was moving in on a floor and another was moving out.

The CHAIRMAN. Why move desks and chairs; is there any reason for that?

Mr. JACQUES. Those desks and chairs are on the property records and the department which bought them is responsible for them. Of course, if they turn all of those over to the Supply Committee they would have in the Premier Apartment to take them on some one else's inventory. They could not take them. The law says that they must be bought.

The CHAIRMAN. Suppose provision was made for that?

Mr. MYERS. Then they would turn in a lot of old stuff.

Mr. JACQUES. They would turn in all of the old stuff and try to modernize their offices. You would only get the old stuff that you could not wish onto anybody else. In one of the departments they appointed a man to go around and make a list of every old pedestal desk and every old chair and then sent in to the committee to get new stuff to take the place of the old stuff.

The CHAIRMAN. What man was that?

Mr. JACQUES. That was in the Interior Department.

The CHAIRMAN. Who was it?

Mr. JACQUES. It was in the Indian Office or the Pension Office. When he found that the stuff came out of the War Industries Board he did not want any of it. He thought that it would be all distributed, and that they would just turn in a desk for a desk, and he thought that he would have a chance to modernize his office.

The CHAIRMAN. That was the difficulty with the first Executive order that was drawn.

Mr. JACQUES. And they were turning in their typewriters for new ones. The typewriters turned in have usually been used from three to eight months, and perhaps somebody who had been using a typewriter for three years would like to get one which had been used for three months. That would involve an endless amount of record keeping.

HAULING FACILITIES, TRUCKS, ETC.

(See p. 719.)

The CHAIRMAN. How many trucks do you expect to maintain?

Mr. JACQUES. We think from six to eight trucks.

The CHAIRMAN. Suppose provision were made that the departments to the extent that they have trucks should use them; how many would you need then?

Mr. JACQUES. The trouble with most of the department trucks is that they are something like a Dodge or a Studebaker, 1-ton body inclosed. We had an illustration just the other day in the Internal Revenue Bureau, I believe, in the Treasury. They wanted 63 desks. We did not have a truck and could not get one from the War Department. They started to haul them. They sent the truck over and

they could put only one desk on the truck. They had to haul them one at a time. When we finally got a truck from the War Department it carried 17.

Mr. EAGAN. What kind of a truck?

Mr. JACQUES. One of the big Mack trucks.

The CHAIRMAN. Are you figuring on owning the trucks or paying for the trucking?

Mr. JACQUES. The proposition here would be that the War Department transfer the necessary trucks. They have hundreds of them in and around Washington that could be transferred, if given the authority.

Mr. MYERS. The same way as with the Post Office Department.

The CHAIRMAN. And you propose to have a garage?

Mr. JACQUES. We have to house the trucks and pay the chauffeurs and pay for the gasoline, oil, and necessary repairs.

The CHAIRMAN. How long will this matter be in adjustment?

Mr. MYERS. Two years, I would say, dependent on how rapidly the War Department dispenses with its war force.

The CHAIRMAN. Is there any reason why the War Department should not be required to do this hauling?

Mr. JACQUES. We have been having very serious difficulty in getting the trucks from the Motor Transport Service. We call them up one afternoon and tell them what we want them to furnish—what is necessary. Last Monday we did not get a single truck. Tuesday we did not get one until 2 o'clock, and he had to leave at a quarter past 3 because he had to go and report at the garage for an inspection. Wednesday we had two trucks. One came at 25 minutes to 12, and he said that he had to be back at the garage at 10 minutes to 12, so I told him to go right back, because he would only have sufficient time to get to the garage. He came back at a quarter past 1 and hauled one load and left at a quarter past 3. Yesterday we had three trucks.

The CHAIRMAN. Is there any reason why the Motor Transport Division should not be made responsible for doing this work?

Mr. MYERS. If there is any way of making them responsible and not dividing the responsibility it might be a mighty fine thing. If we have no trucks we will not have to look around and find garages. Mr. Jacques can tell you about that.

Mr. JACQUES. For two blocks, that makes eight squares long, the trucks are being housed on Third and Fourth Streets, I should say, near Q, along in that neighborhood. I was by there a few nights ago. I came by the next morning and I saw three different trucks pulling another truck in order to get it started on account of the cold. It is near First and R Streets NW., I should say, in that neighborhood. We are having great difficulties with deliveries. One of the trucks left at a quarter past 3 the other day and left five laborers on the street. They had to walk back to the office.

HOUSING AND STORAGE FACILITIES.

(See pp. 719, 720.)

Mr. MYERS. Coming back to housing, if you will permit, we tried to get from the War Department some space temporarily to put some of these desks and this equipment in that is being turned in from

rented buildings. I had a conference with the War Department about that. Eventually probably the new census will take up a large section of the temporary building. I think that is the plan in mind now. They suggested that some of the buildings at Camp Leach might be used for this purpose.

The CHAIRMAN. Where is Camp Leach?

Mr. MYERS. At the American University, on Wisconsin Avenue. That is a very long haul from the buildings and it would not be a very good fire risk to have the furniture and equipment there. That is a problem that will develop very seriously unless we have the means to solve it.

The CHAIRMAN. What about the barracks in Potomac Park?

Mr. JACQUES. We have been down there and looked at the buildings. There are 48 buildings 30 by 45 feet two stories, about three squares from the location of the General Supply Committee, and if we could get a portion of those buildings it would be very accessible, and it would be a much shorter haul. They would hold eight carloads of equipment, chairs or desks, whatever you could put in them.

The CHAIRMAN. Are they occupied now?

Mr. JACQUES. They are bringing up some men from Jacksonville, Fla. At the time I was down there only two buildings had been completed. They have not been able to tell us whether they will be used or not. They are small buildings.

Mr. MYERS. That would be an ideal location.

Mr. JACQUES. You could separate your articles, put the desks on the first floor and the small articles could be put on the second floor, chairs, and costumers, and those things.

Mr. EAGAN. What is the character of the buildings?

Mr. JACQUES. Frame.

Mr. EAGAN. Small rooms?

Mr. JACQUES. East floor is in one room. They have a number of posts. The buildings are not as large as the buildings at Camp Leach, which are 30 by 120. Out there the fire hazard would be great, unless you had a number of watchmen, and if you put this little stuff where you can not give plenty of protection to it you will lose it, because the man that we had as storekeeper down at the War Industries Board lost his overcoat while he went down the corridor.

The CHAIRMAN. How much space do you regard as necessary?

Mr. JACQUES. Two hundred thousand feet; that is just a guess; nothing else. The War Department told me this morning that as soon as they could classify it they would give us enough stuff to fill 50,000 feet of space and the War Industries Board say that the stuff they have will fill between 40,000 and 50,000 feet. The Food Administration has more than that; I do not know how much more.

Mr. EAGAN. Do you pile it in stacks?

Mr. JACQUES. Yes, sir; as high as the ceilings will permit.

Mr. EAGAN. How about the typewriters?

Mr. JACQUES. We have been placing them one on top of the other, only two high. So far, we have been using the sample room of the general supply committee, where we take the samples received in connection with the bids.

Mr. EAGAN. Why not build shelves for the typewriters?

Mr. JACQUES. We have stored 400 typewriters on shelves which were built for the samples that come in connection with the bids.

AMOUNT OF SUPPLIES PURCHASED ANNUALLY.

(See p. 725.)

The CHAIRMAN. What is the amount of supplies that the Government normally buys annually?

Mr. NORWOOD. From the general schedule approximately \$4,000,000. Last year it ran above the reported purchases to the committee in excess of \$12,000,000.

Mr. JACQUES. The first year we checked it we found the committee had bought a good deal more than the reported purchases, 20 per cent more.

The CHAIRMAN. What do you contemplate you will have to buy in the way of supplies for the next year?

Mr. MYERS. You mean contract for?

The CHAIRMAN. I mean the Government buy. I do not mean the buying of this material that is being turned in.

Mr. MYERS. As to things like desks and chairs it seems to me that we will not have to buy anything.

Mr. JACQUES. We will make them take everything that we can.

The CHAIRMAN. Of course, that does not interest us at all. If you do not buy, you do not buy; that is all. Those people are required under the law, if you certify that you have the material, to take it.

Mr. MYERS. Does the law provide the same or similar kinds, and will the judgment of the committee be final? We have to get something like that, because if they want a six-drawer cabinet and we have a five-drawer cabinet, they could get along with a five-drawer cabinet—if legislation is going to be enacted, it should provide that somebody to pass on that finally.

The CHAIRMAN. Are we to assume that every chief clerk is not only determined to cost the Government money, but that the Cabinet officer under whom he is serving is going to be a party to it?

Mr. MYERS. No; but it would fix the responsibility.

The CHAIRMAN. If when they come to make that request you carry it to the Secretary of the department involved that information—

Mr. MYERS (interposing). That is the way we propose to handle it. That may be all right and it may work all right, but it is going to mean a lot of annoyance and trouble.

The CHAIRMAN. The order reads that the several executive departments and independent establishments and the municipal government in the District of Columbia shall not purchase any of the classes of material described herein unless the Secretary of the Treasury shall certify that there is not in the possession of the Government material, equipment, or supplies that are serviceable.

Mr. MYERS. We can enforce it.

Mr. JACQUES. With that order. We have given them what we have.

The CHAIRMAN. There is, of course, no conceivable doubt as to what the Executive order requires.

Mr. MYERS. None whatever.

The CHAIRMAN. Assuming that the Executive order is going to be obeyed, what do you contemplate will have to be bought in the way of supplies for the ensuing year?

Mr. NORWOOD. I would say that provided no transfers were made the purchases will amount to \$6,000,000.

The CHAIRMAN. I am asking you what they will amount to?

Mr. NORWOOD. In case there should be \$1,500,000 to \$2,000,000 of the \$6,000,000 transferred.

The CHAIRMAN. Why should there not be close to \$5,000,000 of transfers?

Mr. NORWOOD. I think many of the articles will not be available.

HARDWARE.

The CHAIRMAN. What character of articles?

Mr. NORWOOD. Hardware and dry goods.

The CHAIRMAN. What kind of hardware and dry goods?

Mr. NORWOOD. I do not think that any of the departments carry in stock hammers and tools, etc.

The CHAIRMAN. What is going to become of them?

Mr. NORWOOD. I do not believe that the departments have bought lawn mowers, like the War Industries Board or the Food Administration.

The CHAIRMAN. How did they get along without them?

Mr. NORWOOD. I do not know that they had any lawns to cut.

The CHAIRMAN. Let us not get off on the lawn mowers. What hardware do you need that you have not needed in the past, excluding the lawn mowers?

Mr. JACQUES. No item of hardware has been turned in.

The CHAIRMAN. Why?

Mr. JACQUES. I do not imagine that the departments have had classified the stuff turned in. They have given us the stuff that we could issue the quickest.

The CHAIRMAN. Each maintained a carpenter shop and a repair shop?

Mr. MYERS. And many of those men furnished their own tools. They hired the carpenters by the month. The hardware would be the nails, screws, bolts, and things of that kind.

STATIONERY—DRY GOODS.

The CHAIRMAN. That would not amount to any great sum of money?

Mr. MYERS. The largest amount of purchases that will be made, it seems to me, outside of what can be transferred, will be the expendable articles like stationery.

The CHAIRMAN. Even of that, you have a great deal that is available.

Mr. NORWOOD. No one knows. Take dry goods.

The CHAIRMAN. What do you mean by dry goods?

Mr. NORWOOD. Sheetings.

The CHAIRMAN. What do they use sheeting for?

Mr. NORWOOD. It is used for map mounting and work of that kind.

Mr. MYERS. That is not a large amount.

AMOUNT OF SUPPLIES PURCHASED.

(See p. 724.)

The CHAIRMAN. You were saying that out of \$6,000,000 needed to be purchased that you would buy all new stuff and that only \$1,500,000 could be transferred and used out of this equipment. That is inconceivable.

Mr. MYERS. I do not think that is a correct estimate. It can only be a guess at most. I do not know when the great majority of this stuff is going to be released from the War Department.

The CHAIRMAN. The old bureaus have gotten themselves so supplied that they fall over the supplies. There has never been any bureau of this Government that has not always asked for more than any private concern would grant them in the way of supplies.

Mr. MYERS. My own personal idea is that the purchases next year will not amount to more than \$2,500,000.

The CHAIRMAN. I should say not.

Mr. MYERS. That is my idea about it.

MOVEMENT OF SUPPLIES.

The CHAIRMAN. The reason for the inquiry was to ascertain from you some idea as to how fast the movement of these supplies that you are going to store will take place.

Mr. MYERS. I do not anticipate that the movement is going to be very rapid because, as a general rule, the Government establishments are largely going to decrease rather than increase. The only big thing in sight right now is the new census, which will require, I think, a lot of material. I know that they are planning their organization now. I should think that outside of the expendable material that we ought to be able to furnish through this method all that is needed in the next fiscal year.

The CHAIRMAN. You evidently are figuring to have a lot of work because you are asking for \$200,000 to carry it out.

Mr. MYERS. For a year and a half.

BASIS OF ESTIMATES.

(See p. 703.)

Mr. JACQUES. That includes the item of rent. We do not know what rent we will have to pay or whether we will have to pay anything. Then, there is the fuel, light, and electric current. We may go into a building and we may have to heat it and may have to have an engineer and fireman.

The CHAIRMAN. You figure on something over \$75,000 for clerical hire.

Mr. NORWOOD. Clerical hire and labor.

Mr. JACQUES. A laboring force of 32, including the truck drivers. Thirty-two people is not a large number to handle a thing like that. If you would take the Globe-Wernicke Co., which had the contract, they have that many people in their delivery department, and the same is true of the W. D. Campbell Co.; they have practically the same number. Just to take care of the deliveries which they made to the departments they had at least 30 men. They did not store the stuff, as we will have to do. It came in on the cars and they unloaded it and delivered it to the departments. They did not store to any great extent. For the past year and a half it has been a matter of unloading and hauling to the departments.

The CHAIRMAN. This statement is all you have to present in connection with the money desired?

Mr. NORWOOD. The first part of that is statutory and should not go into the deficiency; that is just for my information in the office; that first part does not pertain to this at all.

(Said statement follows:)

LUMP-SUM APPROPRIATION.

Estimated amount to carry into effect the transfer of office material, supplies, and equipment on hand in the executive departments and other establishments of the Government in the District of Columbia, the appropriation to be immediately available and continue available during the fiscal year 1920, provided that the Secretary of War, in his discretion, deliver and turn over to the Secretary of the Treasury, from time to time, for use by the general supply committee, such automobiles, or parts thereof, as may prove to be, or as shall become, unsuitable for the purposes of the War Department but suitable for the use of the general supply committee, and the Secretary of the Treasury is hereby authorized to pay the necessary expense for maintenance and operation from the appropriation herein made.....

\$200,000

Estimated as follows:

	1½ years.
Chief of property transfer, at \$2,500 per annum	3,750
Assistant chief of property transfer, at \$2,000 per annum	3,000
Accountant, at \$2,000 per annum	3,000
Clerk in charge stores, at \$1,800 per annum	2,700
Receiving clerk, at \$1,600 per annum	2,400
Assistant receiving clerk, at \$1,400 per annum	2,100
Shipping clerk, at \$1,600 per annum	2,400
Assistant shipping clerk, at \$1,400 per annum	2,100
2 bookkeepers, at \$1,800 each per annum	5,400
Stock record clerk, at \$1,600 per annum	2,400
Stock record clerk, at \$1,400 per annum	2,100
File clerk, at \$1,200 per annum	1,800
2 stenographers, at \$1,400 each per annum	4,200
4 stenographers, at \$1,200 each per annum	7,200
2 messengers, at \$720 each per annum	2,160
Total	44,550
12 repair men	2,190
Laborers and truck drivers	36,720
Watchmen	6,480
Cabinetmaker, at \$1,400 per annum	2,100
2 cabinetmakers, at \$1,200 each per annum	3,600
2 finishers, at \$1,000 each per annum	3,000
Typewriter repair man, at \$1,500 per annum	2,250
2 typewriter repair men, at \$1,400 each per annum	4,200
4 skilled laborers, at \$840 each per annum	5,040
8 laborers (storehouse), at \$720 each per annum	8,640
8 truck drivers, at \$900 each per annum	10,800
16 laborers (truck), at \$720 each per annum	17,280
6 watchmen, at \$720, each per annum	6,480
Total	110,100
For office equipment	5,000
For light, fuel, electric current, telephone, street car fares, ice, etc.	18,000
For contingent expenses	23,900
Garage rent	3,000
Storage rent	22,500
Gasoline, oil, grease, repairs, etc., for automobiles	17,500
Total	200,000

TUESDAY, JANUARY 7, 1919.

POSTAL SERVICE.

STATEMENT OF MR. J. K. PICKETT, SUPERINTENDENT OF THE DIVISION OF EQUIPMENT AND SUPPLIES, BUREAU OF THE FOURTH ASSISTANT, POST OFFICE DEPARTMENT; ACCOMPANIED BY MR. G. LANDICK, GENERAL STORE-KEEPER OF THE SAME DIVISION.

ADDITIONAL FOR TWINE.

Mr. Sisson. What items have you, Mr. Pickett?

Mr. PICKETT. We have only one item, that of twine.

Mr. Sisson. Is that all?

Mr. PICKETT. That is all we have. And in this connection I wish to file a copy of a letter sent this morning by the Post Office Department to the Treasury Department, which seems to have been somewhat delayed in transmission.

(The letter is as follows:)

JANUARY 7, 1919.

Hon. CARTER GLASS,

Secretary of the Treasury, Washington, D. C.

My DEAR MR. GLASS: There is submitted herewith, for transmission to Congress, an item of deficiency appropriation, as follows:

"Office of the Fourth Assistant Postmaster General:

"For wrapping twine and tying devices, fiscal year 1919..... \$159,000

"The appropriation for the purchase of twine for the fiscal year ending June 30, 1919, is \$370,000. It is estimated that not less than 70 carloads, or 2,100,000 pounds, of twine, will be required to meet the necessities of the service during the current fiscal year. Since July 1, 51 carloads of twine have been purchased. The remaining twine necessary to meet the needs of the service for the balance of the fiscal year (19 carloads or approximately 570,000 pounds, at 28 cents per pound) will have to be purchased at a cost of about \$160,000. There is an available balance of only \$2,600 and therefore a deficiency appropriation of \$159,000 will be necessary for the purchase of twine to meet the needs of the service for the year ending June 30, 1919."

Yours, very truly,

A. S. BURLISON,
Postmaster General.

Mr. Sisson. Now, as I understand, this estimate has been made out by the Post Office Department and sent to the Treasury Department?

Mr. PICKETT. Yes.

Mr. Sisson. Why is the estimate itself not here?

Mr. PICKETT. It left the Bureau of the Fourth Assistant some time during the latter part of December, going from there to the chief clerk of the Post Office Department. It was mailed to the Secretary of the Treasury this morning.

Mr. Sisson. The estimate was made out in regular form and in proper time to have gotten into the deficiency bill for December?

Mr. PICKETT. Well, I would not say that because I am not sure at what time it left our chief clerk to go to the chief clerk of the Post Office Department, but I think it was about December 28.

Mr. Sisson. Left your office?

Mr. PICKETT. Left the office of the chief clerk of our bureau.

Mr. Sisson. Did you anticipate this deficiency before December?

Mr. PICKETT. Yes; during November we became pretty certain we would need additional funds before next March.

Mr. SISSON. Where is the estimate now, in the Treasury Department?

Mr. PICKETT. Yes; the papers were transmitted this morning to Hon. Carter Glass, Secretary of the Treasury.

Mr. SISSON. The estimate then is on the way up?

Mr. PICKETT. The request for a deficiency appropriation has been signed by the Postmaster General and sent to the Secretary of the Treasury in the usual way, and will no doubt be here within the next day or two.

Mr. SISSON. Now, what was appropriated for twine in the regular current law?

Mr. PICKETT. \$370,000.

Mr. SISSON. You had \$370,000 in the current law. What is the condition of that appropriation now?

Mr. PICKETT. We have \$2,600 left.

Mr. SISSON. How much twine have you on hand?

Mr. PICKETT. Possibly enough to run us until the 1st of February. That represents less than one carload.

Mr. WOOD. How many carloads does it take you to run a year?

Mr. LANDICK. Seventy carloads.

Mr. SISSON. What is the price of twine now as compared to the former price?

Mr. PICKETT. Seventeen cents when we made our estimate, and it is now 28 cents, contract price.

Mr. SISSON. I mean the estimate for the appropriation in the current law, when you made the original estimate?

Mr. PICKETT. Only 17 cents then.

Mr. SISSON. Seventeen cents at the time you made the estimate upon which the appropriation of \$370,000 was based?

Mr. PICKETT. Yes.

Mr. SISSON. Now, would that sum of \$370,000, at the price of 17 cents, have been a sufficient amount to purchase the necessary twine for the department?

Mr. PICKETT. Yes; we figured that would carry us through.

Mr. SISSON. Then this deficiency is occasioned wholly by the increase in price of twine?

Mr. PICKETT. Yes.

Mr. SISSON. Has there been any increase in the volume of mail, to any extent, so as to increase the use of twine?

Mr. PICKETT. Yes; there has been a great increase in the volume of mail handled, but we have avoided an increased demand for twine to take care of the larger volume of mail by effecting numerous economies in the use of twine.

Mr. SISSON. You can make up letters in larger packages, can't you?

Mr. PICKETT. Yes; but—

Mr. SISSON (interposing). And reduce the number of packages tied up with twine where you can do so?

Mr. PICKETT. Yes; perhaps that may be done by post-office clerks. But there are various other ways of reducing and economizing. Ten years ago we used 80 carloads of twine a year, and now we are only using 70 carloads. We have been able to bring that condition about

by carrying on a campaign of education among the postmasters; by inducing them to reuse the various pieces of twine that they get from incoming mail whenever it is of sufficient length to warrant the labor required in saving it and tying the ends together. Of course, when the pieces of twine are very short, the time and labor required to tie them together do not justify an attempt to reuse it. These short pieces are saved, however, and sold as waste matter.

Mr. Sisson. In the small offices the postmasters' time is the least valuable asset they have, isn't it?

Mr. PICKETT. Well, we do not furnish twine to the fourth-class post offices, Mr. Sisson.

Mr. Sisson. Oh, you do not furnish twine to them?

Mr. PICKETT. No; we require them to tie up their outgoing mail with the twine that comes into their offices on the incoming mail. And we furnish very little twine to the third-class post offices. A great many post offices do not send requisitions to us for twine, being able to take care of the situation with the twine taken from incoming mail.

Mr. Sisson. Only the first and second class post offices are furnished with twine by the Post Office Department?

Mr. PICKETT. The first and second class post offices we supply with twine, and send a little to some third-class post offices.

In this connection, I want to explain that we have directed post-office inspectors to go to postmasters and impress upon them the necessity for conserving twine. We have carried on a great many campaigns of education along that and other lines. It is in that manner we have managed to reduce the amount of twine used at a time when the volume of mail was increasing enormously. I suppose the volume of mail to-day must be several times as great as it was 10 years ago, and yet despite that increase we are actually using 10 carloads less twine. That has been brought about by these periodical campaigns of education.

Mr. Sisson. So that you would have been able to get through the year with your 70 carloads of twine if the price had not advanced. From about what?

Mr. PICKETT. Seventeen cents to twenty-eight cents a pound.

Mr. WOOD. You will get through with 70 carloads of twine, as I understood, but you have not sufficient money to buy that number of carloads owing to the increase in price of twine per pound. It is not a matter of more twine but more money with which to buy the same amount of twine you originally estimated you would need?

Mr. Sisson. Yes; that is what I really meant. You need more money because of the increased price?

Mr. PICKETT. Yes.

Mr. Sisson. So that the only reason for the deficiency is this greater cost of twine?

Mr. PICKETT. Yes; that is absolutely the only reason. It is because of the increase in cost of jute twine that we buy.

Mr. WOOD. Where do you get your twine?

Mr. PICKETT. It comes from India.

Mr. WOOD. Who is the contractor?

Mr. PICKETT. The Ludlow Manufacturing Associates, of Ludlow, Mass.

Mr. WOOD. Is it bought on competitive bids?

Mr. PICKETT. Oh, yes; everything that we use in any quantity at all is subject to competitive bids. We not only advertise for bids on jute twine but for cotton twine and any other kind of twine we can use. Cotton is very, very high now, and we can not very well purchase it.

Mr. WOOD. How long has this one concern been furnishing you with twine?

Mr. PICKETT. I am not able to state, but think Mr. Landick can tell you.

Mr. LANDICK. Possibly for 10 or 15 years.

Mr. WOOD. Has any other concern been able to get a contract from you by reason of bidding lower?

Mr. PICKETT. Several years ago, when cotton was very low, didn't we have an exclusive contract for cotton, Mr. Landick?

Mr. LANDICK. Yes; for one year only.

Mr. PICKETT. With that exception we have not been able to find a suitable substitute for jute twine at what we deem a reasonable price. I was telling Mr. Sisson before the hearing began that we had been writing all over the country to see if we could not develop a twine made from very low-grade cotton, something a little better than what is known as "linters."

Mr. Sisson. What we would call dog-tail cotton?

Mr. PICKETT. Yes; at a price which would compete with jute, but the lowest quotation obtained was 58 cents a pound.

Mr. WOOD. I notice that our congressional mail comes to the office now tied up with coarse string as compared to a smaller and finer cotton string used before the war commenced?

Mr. PICKETT. I believe the House of Representatives has its own post-office force in the City Post Office Building, and understand that the methods used by these employees in tying packages of mail are somewhat different from the methods in force in our establishment.

Mr. WOOD. Do you furnish that twine?

Mr. PICKETT. No.

Mr. LANDICK. No; we do not furnish that.

Mr. PICKETT. We have nothing to do with it. As a matter of fact, I have been told they use more twine on their packages than we use on ours.

Mr. WOOD. It looks to me like they use more than there is any occasion for.

Mr. PICKETT. That may be so.

Mr. Sisson. This estimate was made, I believe, on December 10?

Mr. PICKETT. To be exact, it started from our particular division on December 23.

Mr. Sisson. How did you arrive at the sum of \$159,000 as being the amount that will be needed?

Mr. PICKETT. Well, we have so far used 51 carloads, or have ordered sufficient twine to make 51 carloads when delivered. That leaves 19 more carloads to buy, and there are about 30,000 pounds in a carload.

Mr. Sisson. You have 19 additional carloads of twine to buy; is that right?

Mr. LANDICK. Yes.

Mr. Sisson. At what price?

Mr. LANDICK. \$8,400 a carload.

Mr. Sisson. That is how many pounds in a car?

Mr. LANDICK. Thirty thousand pounds to the car. It will run over and under at times, but usually it is a little bit over 30,000 pounds.

Mr. Sisson. You only pay for the actual amount of twine that you get by weight?

Mr. LANDICK. Yes. They load cars with 240 to 242 bales each.

Mr. Sisson. And you pay for the net amount?

Mr. LANDICK. We pay for the actual weight of the twine in the car.

Mr. Sisson. The net weight of twine?

Mr. LANDICK. Yes.

Mr. Sisson. And here you have estimated for simply enough money to buy the difference between the 51 cars which you have already purchased and the 70 cars in all that you will need to get through the year?

Mr. LANDICK. Yes.

Mr. Sisson. Now, your contract permits you to buy this additional twine at what figure?

Mr. LANDICK. At 28 cents per pound, which amounts to \$8,400 per car.

Mr. Sisson. That contract is the contract under which you will spend this \$159,000 additional appropriation that you ask for?

Mr. LANDICK. Yes.

Mr. PICKETT. I might add there—and think I am right in saying it, but if I am not I will ask Mr. Landick to correct me—that if we find a more suitable twine at a reasonable price we have the right to purchase such substitute?

Mr. LANDICK. Oh, yes; we can purchase other twine if we wish: if we can get it at a more reasonable price.

Mr. Sisson. If you can save any money?

Mr. PICKETT. Yes; but at the present time we have no substitute, and it is doubtful if we can find it. We have recently been experimenting with paper twine.

Mr. Sisson. If you change the contract it would be only for the purpose of saving money?

Mr. PICKETT. Yes; it would only be that, and even then it would not constitute a change in the contract, since the contract contains a proviso that we may purchase substitutes if we have the opportunity. The contract reads that way.

Mr. Sisson. Are there any other questions by the members of the committee?

Mr. DAVIS. I have none.

Mr. McANDREWS. I do not wish to ask any.

Mr. WOOD. I have nothing further to ask.

Mr. Sisson. Have you anything else to say, Mr. Pickett?

Mr. PICKETT. No.

Mr. Sisson. Have you anything further that you would like to say, Mr. Landick?

Mr. LANDICK. No.

Mr. Sisson. All right, we will now hear Mr. Ryan.

STATEMENT OF MR. WILLIAM S. RYAN, ASSISTANT SUPER-
INTENDENT OF POST OFFICE SERVICE.

TEMPORARY AND AUXILIARY CLERK HIRE, ETC.

Mr. Sisson. What have you to present, Mr. Ryan?

Mr. RYAN. I represent Mr. Koons, First Assistant Postmaster General, and wish to present certain items of deficiency in the appropriations for his bureau.

Mr. Sisson. What is your document?

Mr. RYAN. Document No. 1536, appropriation required by Postal Service. The first item is for temporary and auxiliary clerk hire.

Mr. Sisson. Your deficiency is House Document No. 1536?

POST OFFICE DEPARTMENT,
Washington, November 29, 1918.

HON. WILLIAM G. McADOO,
Secretary of the Treasury.

MY DEAR MR. McADOO: The act of Congress approved July 2, 1918, making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1919, and for other purposes, provides for the following items:

For temporary and auxiliary clerk hire and for substitute clerk hire for clerks and employees absent with pay at first and second class post offices and temporary and auxiliary clerk hire at summer and winter resort post offices.....	\$3,428,572
For unusual conditions at post offices.....	150,000
For miscellaneous items necessary and incidental to post offices of the first and second classes.....	400,000
For vehicle allowance, the hiring of drivers, the rental of vehicles, and the purchase and exchange and maintenance, including stable and garage facilities, of wagons or automobiles for, and the operation of, screen-wagon and city-delivery and collection services.....	6,700,000
For mail-messenger service.....	2,700,000

The department's estimate for the current fiscal year covering the appropriations above mentioned, as well as other appropriations, were based on business of normal times. This is shown by the First Assistant Postmaster General in his testimony before the Committee on Post Offices and Post Roads of the House of Representatives in December, 1917. On page 6 of the printed hearings he stated:

"I wish to say that our estimates are based on normal conditions. Of course, the war will affect them to some extent. In cases where they are not sufficient, we will have to ask for deficiency appropriations."

It was clearly understood, at that time, that the department would have to request such additional estimates as might be necessary to properly transact its business. Because of the additional services and the unusual conditions due to the war which could not be foreseen at the time the above appropriations were made, the amounts appropriated in the above-mentioned appropriations are not sufficient to meet the demands of the service.

It is therefore recommended that the following items of deficiencies be submitted for the consideration of Congress in connection with the first urgent deficiency bill.

For temporary and auxiliary clerk hire and for substitute clerk hire for clerks and employees absent with pay at first and second class post offices and temporary and auxiliary clerk hire at summer and winter resort post offices.....	\$3,300,000
For unusual conditions at post offices.....	150,000
For miscellaneous items necessary and incidental to post offices of the first and second classes.....	300,000
For vehicle allowances, the hiring of drivers, the rental of vehicles, and the purchase and exchange and maintenance, including stable and garage facilities, of wagons or automobiles for, and the operation of, screen-wagon and city-delivery and collection services.....	2,600,000
For mail-messenger service.....	400,000

Yours, very truly,

A. S. BURLESON,
Postmaster General.

The first item is for what amount?

Mr. RYAN. It is for \$3,300,000 for temporary and auxiliary clerk hire, including vacation service.

Mr. Sisson. I wish you would explain the item, "For temporary and auxiliary clerk hire and for substitute clerk hire for clerks and employees absent with pay at first and second class post offices, and temporary and auxiliary clerk hire at summer and winter resort post offices, \$3,300,000."

Mr. RYAN. The amount appropriated, \$3,428,572, and the deficiency asked for, \$3,300,000, will be expended as follows:

Quarter ended Sept. 30, 1918.....	\$2, 100, 000
(And I might add in parentheses that we actually expended for that quarter the sum of \$2,083,000.)	
Quarter ended Dec. 31, 1918.....	1, 628, 572
(And we have outstanding and unauthorized amounts which the postmasters have undoubtedly expended without authority but through necessity aggregating \$1,785,270.)	
Quarter ended Mar. 31, 1919.....	1, 500, 000
Quarter ended June 30, 1919.....	1, 500, 000
Total.....	6, 728, 572

Mr. Sisson. How do postmasters expend such sums without authority?

Mr. RYAN. The service, of course, had to be carried on during the December quarter. We made allowances as far as our appropriation would allow, but made no allowances beyond that. The auditor will not pass their accounts until we journalize the full amounts for that quarter. So that we have due for that quarter approximately \$1,785,270.

Mr. Sisson. The amount originally appropriated for the purpose was how much?

Mr. RYAN. \$3,428,572.

Mr. Sisson. How does it happen that you have a deficiency here of practically 100 per cent increase?

Mr. RYAN. We are carrying something like 1,400 vacancies in regular clerks which we are unable to fill with permanent employees.

Mr. Sisson. Does that cost you more money?

Mr. RYAN. No; but it takes the money out of another appropriation. We have available in the regular clerk appropriation \$2,500,000.

Mr. Sisson. Then this is really in the nature of a transfer from one account to another, is it?

Mr. RYAN. Yes; but we are not authorized by law to make such a transfer. In other words, we shall have a surplus in the appropriation for regular clerks of more than \$2,000,000, and will have a deficit in the appropriation for auxiliary clerks of \$3,300,000. When we can not fill a regular clerk's place we save on the regular clerk appropriation, but we must pay for the auxiliary clerk out of the auxiliary appropriation; we can not transfer the funds.

Mr. Sisson. Let me see if I have it clear in my own mind: You have ample funds in the two appropriations?

Mr. RYAN. No; not ample funds, but nearly so. In the appropriation for clerks for first and second class post offices we have a balance of \$2,546,118, as we were unable to appoint the full quota of regular clerks. To take the place of the regular clerks we have employed auxiliary clerks. To employ the necessary auxiliary clerks

will require a further appropriation of \$3,300,000, or about \$800,000 more than we shall have unexpended in the regular clerk appropriation.

Mr. Sisson. It would only be a deficiency, then, of about \$800,000 if you could use the funds?

Mr. RYAN. That is correct.

Mr. Sisson. In view of the fact that there are so many vacancies in the regular clerical forces, you have employed, out of the temporary fund, a vast number of clerks, which action would not have been necessary, except on account of war resignations?

Mr. RYAN. Yes. We have 1,354 vacancies in our regular clerical forces at this time.

Mr. Sisson. That is, throughout the post offices of the United States?

Mr. RYAN. Yes.

Mr. DAVIS. What becomes of the remainder of the appropriation for the regular clerks?

Mr. RYAN. That was turned back into the Treasury.

Mr. Sisson. Go ahead.

Mr. RYAN. A part of this deficit is due to the increase in the pay of auxiliary clerks. They formerly were paid 35 cents an hour, and the Congress increased that rate to 40 cents an hour. When we estimated for this fiscal year we based the amounts on normal conditions, Mr. Koons stated when before the Committee on Post Offices and Post Roads of the House that he reserved the right to come before your committee and ask for any deficiency that might be found necessary.

Mr. Sisson. I see. Do you think you will need all of this \$3,300,000 that you ask for?

Mr. RYAN. Yes; we have, as I stated already, a deficit in the December quarter, and we must provide for the March and June quarters. We are estimating for the March quarter only \$1,500,000, which is a decrease; and we are estimating for the June quarter a like amount. We think that with conditions becoming normal we shall be able to reduce the expenditures and have estimated accordingly.

Mr. Sisson. How rapidly do you think you will be able to fill these vacancies on the permanent clerk roll?

Mr. RYAN. I do not know, but the records show a large number of clerks already coming back.

Mr. Sisson. And just as that permanent roll increases you will be able to decrease this amount?

Mr. RYAN. Yes.

Mr. Sisson. Have you taken that into consideration?

Mr. RYAN. Yes; we have considered that. That is the reason we have decreased the estimate for the March and June quarters. With the return of regular clerks to duty the amount necessary for auxiliary service will be reduced. We have taken that into consideration in preparing this estimate. I am satisfied that this amount is none too much; in fact, it will require very close supervision to get through even with the return of regular clerks.

Mr. Sisson. In order that the record may show let me ask: This, however, is approximately a deficiency in the two items of \$800,000?

Mr. RYAN. That is correct.

Mr. Sisson. But you can not use in paying temporary and auxiliary clerks the fund appropriated by the Congress for permanent clerks?

Mr. RYAN. No; we can not.

Mr. SISSON. And while you will have left from the appropriation for permanent clerks a large sum of money, it will be covered back into the Treasury as it can not be used to pay these 1,354 temporary clerks?

Mr. RYAN. That is the law. We might have \$10,000,000 left in one fund and a deficit in the other and yet can not transfer one fund to the other.

Mr. SISSON. So, as a matter of fact, your deficiency is not the \$3,300,000 you ask for, but taking the two funds together is only about \$800,000?

Mr. RYAN. That is right; approximately \$800,000.

Mr. SISSON. Do the members of the committee wish to ask any questions on that item?

Mr. DAVIS. No; that has been made quite plain.

Mr. WOOD. I do not care to ask anything on that item.

FOR UNUSUAL CONDITIONS AT POST OFFICES.

Mr. SISSON. The next item is, "For unusual conditions at post offices, \$150,000." Explain that.

Mr. RYAN. The appropriation for 1919 was \$150,000. The estimated expenditures for the year will be \$300,000, leaving a deficiency of \$150,000. That is largely due to the establishment of munition plants, such as at Mussel Shoals, Ala., and Nitrate, W. Va., Fayetteville, N. C., and other places where we have established post offices. A post office must be established as a fourth-class office notwithstanding that the business done is equal to that of a first-class office. In one place we have 42 clerks, and for the present those clerks must be paid out of the appropriation for unusual conditions, because there is no appropriation for clerk hire for fourth-class post offices.

Mr. SISSON. Does the law require you to establish that sort of post office?

Mr. RYAN. Yes. A post office can not become a presidential office until after four quarters, during which the compensation of the postmaster must be at least \$1,000 and the receipts \$1,900 or more. Regardless of the receipts, a post office must remain in the fourth class for four quarters.

Mr. SISSON. In other words, that makes the unusual condition that requires this appropriation?

Mr. RYAN. Yes. These offices have practically exhausted this fund.

Mr. SISSON. This \$150,000 is largely accounted for by conditions at the places you have indicated?

Mr. RYAN. Yes. As, for instance, at Jacksonville, Tenn., we employ 42 clerks at a fourth-class post office, and we have to pay those clerks out of this appropriation.

Mr. SISSON. What is the reason for that?

Mr. RYAN. It is one of the munition plants that sprang up, the same as at Mussel Shoals and Nitro, W. Va.

MISCELLANEOUS ITEMS FOR FIRST AND SECOND CLASS POST OFFICES.

Mr. Sisson. The next item is, "For miscellaneous items necessary and incidental to post offices of the first and second classes, \$300,000." Explain that.

Mr. RYAN. Our appropriation was \$400,000. We estimate the expenditures for the present fiscal year will be \$700,000, leaving a deficit of \$300,000.

Mr. Sisson. How does that occur?

Mr. RYAN. Under normal conditions this appropriation is used to defray the cost of cleaning post-office quarters in rented buildings; telephones, carfare, laundry and towel service, moving Government property, etc. During the present fiscal year we were obliged to pay the traveling expenses of clerks transferred to the Army camps. We have taken clerks from post offices like Albany, Rochester, Buffalo, and Boston and sent them to camps in the South, where there are few large offices from which we could draw the necessary help. We pay for their subsistence at the camps not to exceed \$1 a day. This was found necessary in order to secure and retain clerks at these camps. These items go to make up the deficiency existing in this appropriation. We are reducing the number of employees at all camps, but we anticipate the camps will continue until July, 1919, at least, as demobilization camps, and we must continue the expenditure until that time.

Mr. Sisson. In taking these clerks from the North for the southern camps and cantonments by reason of the fact that there are few large post offices from which to draw such help in the South did you take into consideration that where you could get a clerk from a near-by post office he should be so secured?

Mr. RYAN. Oh, yes. In every instance we canvassed the local post office, and if we could get auxiliary clerks or any bright young men who could be employed under Rule 8 of the civil service, we employed them. But we are always obliged to have a certain number of experienced clerks, qualified to make scheme distribution.

Mr. Sisson. I understand that. Take the Baltimore camps and the cantonments around Baltimore, it would be cheaper for the Government to get clerks for them from Baltimore?

Mr. RYAN. We transferred no clerks to Baltimore, Brooklyn, Tranton, Atlanta, Washington, Des Moines, San Antonio, and other large cities. At any places where we could get clerks locally we took them, and where we could not get them locally we transferred them.

FOR VEHICLE ALLOWANCES, HIRING OF DRIVERS, ETC., OPERATION OF SCREEN WAGON AND CITY DELIVERY AND COLLECTION SERVICES.

Mr. Sisson. The next item is, "For vehicle allowances, the hiring of drivers, the rental of vehicles, and the purchase and exchange and maintenance, including stable and garage facilities, of wagons or automobiles for, and the operation of, screen wagon and city delivery and collection services, \$2,600,000." Explain that. What is the condition of that appropriation?

Mr. RYAN. The appropriation under that item was for \$6,700,000, the estimated cost for the fiscal year is \$9,204,301, and estimated

deficiency is \$2,504,301. The amount appropriated for 1918 was \$6,765,000, while, as I have stated, for 1919 it was \$6,700,000, a decrease of \$65,000—

Mr. Sisson (interposing). You last referred there to the current law?

Mr. RYAN. Yes; the current law, which showed \$65,000 less than the previous year. That represents a decrease in the appropriation over the preceding year. The act of July 2, 1918, provided for the readjustment of all screen-wagon contracts. We have made readjustments in a sufficient number of cases to warrant the belief that that readjustment will cost us \$665,000, which was not provided for in the bill.

Mr. Sisson. The \$665,000 was not provided for?

Mr. RYAN. No.

Mr. Sisson. Let me get that in my mind clearly. How do you arrive at that?

Mr. RYAN. The act of July 2, 1918, provided for a readjustment of all screen-wagon contracts in force July 1, 1918. The readjustments were based on additional cost due to war conditions subsequent to July 1, 1917—that is, contracts entered into subsequent to July 1, 1917.

Mr. Sisson. What did that readjustment cost the Government?

Mr. RYAN. It will cost the Government \$665,000 during the present fiscal year.

Mr. Sisson. Well, now, how does that figure in this sum of \$2,600,000 you ask for?

Mr. RYAN. That is a part of the \$2,504,301 deficit. This is one item going to make up that deficit. The \$65,000 which was estimated less than the appropriation for the previous year, is another item entering into that amount.

Mr. DAVIS. What do you mean by "readjustment"? Explain that for the record.

Mr. RYAN. For instance, a screen-wagon contract was let subsequent to July 1, 1917, for \$20,000. The increase in cost of labor, cost of gasoline, cost of parts for automobiles, if it was an automobile contract, or the feed required for the horses if it was a horse-drawn vehicle contract, would bring the cost of performing that contract up to \$25,000 or \$30,000, a condition the contractor could not foresee. If we find it is actually costing the contractor \$25,000 per annum to carry on that contract awarded him for \$20,000, we allow him an additional \$5,000.

Mr. DAVIS. In other words, if he is losing money on the contract you propose to reimburse him?

Mr. RYAN. Yes; reimburse him for his actual loss.

Mr. DAVIS. Is that a part of the original contract?

Mr. RYAN. No; but that is the law of July 2, 1918.

Mr. DAVIS. But suppose he happened to make a large sum of money; would your readjustment apply to that side of the question?

Mr. RYAN. No; it does not apply to that side of it, but we have found no such conditions in these times.

Mr. WOOD. I was just going to say you wouldn't find any such conditions.

Mr. DAVIS. I suppose not, but I was thinking of the usual contract. It has been my experience that if a man makes a lot of money

out of his contract, all right, but if he loses some money then he comes back and, as we say in common parlance, whines about it and asks us to relieve him, and we generally do it. But this is different here, as you have an act of Congress authorizing that to be done.

Mr. RYAN. Yes; the act of July 2, 1918.

Mr. DAVIS. In this readjustment of prices are you increasing or decreasing the service?

Mr. RYAN. No; the service remains the same. We have four forms of contract in the screen-wagon service: That is, the straight-service basis, where the contractor performs all of the service in a certain city regardless of the increase in mail; the service on an equipment basis contract, where the contractor performs all the service but the number of vehicles is specified, and should he require additional vehicles to perform the service we pay him pro rata for the additional vehicles; the service on a mileage basis, which is elastic, and the contractor is paid for the actual miles covered; and the combination of screen-wagon and city-delivery service.

Mr. DAVIS. Your deficiency is based upon the proposition that the high cost for forage and one thing and another is going to continue for the next six months?

Mr. RYAN. The law gives us no——

Mr. DAVIS (interposing). You are basing it, then, upon the present high cost of these things?

Mr. RYAN. No; perhaps if we followed the law literally we would do so, but we have assumed the present high prices will not continue, and especially since an armistice has been signed.

Mr. DAVIS. And that it will decrease?

Mr. RYAN. Yes. Some contracts expire the 30th of next June. They will probably remain the same during their life. Other contracts practically have two and a half years to run. We assume that the last two years of these contracts will not cost as much as at present and we adjust accordingly. For instance, if they show a loss this year of \$10,000 we assume that next year and the year after they may lose perhaps \$5,000 or nothing, and we adjust accordingly.

Mr. DAVIS. And two years from now, or a year and a half from now, they should be making money?

Mr. RYAN. Yes. Whether we are authorized by the act to make further adjustment in event prices go down remains to be determined.

I might say for the information of the committee that to make these adjustments a committee of post office inspectors was appointed, and that committee has gone into the records of the contractor, the service performed, and all items of expenditure. In many instances we have reduced the amount even below the inspectors' figures.

Mr. DAVIS. I think you did right.

Mr. Sisson. This act of course was based upon the theory that the acts of God and a public enemy would relieve a man from the performance of contracts when nothing else will?

Mr. RYAN. Yes.

Mr. Sisson. Now, the increase in the cost of labor has been due largely to the fact that the Government itself has been bidding extremely high for labor?

Mr. RYAN. It has been our experience, Mr. Chairman, that in nearly all cases such has been the case.

Mr. Sisson. Also in reference to bids for material, such as automobiles and other materials of that kind, and for forage or horse feed in the case of horse-drawn vehicles, the Government has been one of the chief purchasers in the country for these things, has it not?

Mr. RYAN. Yes; in many instances they have practically taken it all, or the bulk of it.

Mr. Sisson. All these contracts entered into at the old prices are contracts that have been readjusted and are involved in this item. are they not?

SUBSTITUTION OF MOTOR TRUCKS FOR PNEUMATIC TUBES.

Mr. RYAN. They are. We have an item \$665,000 that we think will cover all readjustments of existing contracts.

Mr. Sisson. All right. How do you account for the balance of the \$2,600,000 deficiency appropriation asked for?

Mr. RYAN. In substituting motor vehicles for pneumatic tubes, which were discontinued July 1, 1918, it became necessary for us to buy the entire automobile equipment. The cost of that equipment \$167,531, should be spread over a period of four years, the life of the machines, but we were required to expend the entire amount during the present fiscal year.

Mr. Sisson. What cities does it affect?

Mr. RYAN. Boston, New York, Brooklyn, Philadelphia, Chicago, and St. Louis.

Mr. Sisson. That sum of \$167,531 then is distributed among those six cities?

Mr. RYAN. Yes.

Mr. Sisson. For the purpose of purchasing motor vehicles to perform the service heretofore performed by the pneumatic tubes?

Mr. RYAN. Yes; that \$167,531 was for the cost of the motor vehicles.

Mr. Sisson. But that will be distributed over a period of four years?

Mr. RYAN. Yes; but that was all paid for out of the appropriation for the present year. The cost of operating the trucks necessary to displace the pneumatic service will be \$437,092, making a total item of \$604,623. On the other hand, the tubes were costing us approximately \$960,000 annually.

Mr. Sisson. In other words, you will be able for the first year to run the substitute for the tube service for \$604,623, including the cost of the motor vehicles?

Mr. RYAN. That is correct. In place of \$960,000 formerly paid for the pneumatic tube service.

Mr. Sisson. Then each succeeding year that amount will probably be reduced by one-fourth, or \$167,531?

Mr. RYAN. Yes; but we have charged it all off this year. For each succeeding year it will be run for \$167,531 less because the machines will have been purchased.

Mr. Sisson. In other words, approximately \$450,000 will be the cost of maintaining the automobile service in place of the \$960,000 for the tube service?

Mr. RYAN. Yes; and permit me to say that the automobiles substituted for the tubes are performing all service. They carry the

package mail in addition to the letter mail the tubes formerly carried. The motor vehicle service is not all chargeable as a substitution because we are performing very much more service with the machines. In fact it is costing the department about one-third of the cost of the tubes.

Mr. Sisson. I see.

Mr. RYAN. There are other items going to make up this deficit. Increase in quarterly allowances for temporary vehicle hire, \$50,000. The cost of temporary vehicle hire rented principally at the holiday season has increased almost 100 per cent. A truck that we hired year ago for \$10 a day cost us as much as \$20 a day during the recent holidays.

Mr. Sisson. How much has it been costing heretofore?

Mr. RYAN. I have not the figures, Mr. Chairman, but it was more than \$50,000. In cities where we now have Government-owned motor vehicles it costs very little.

Mr. Sisson. Supply that cost for the record, please.

Mr. RYAN. I shall insert the figures:

Quarter ended September 30, 1917.....	\$160,356
Quarter ended December 31, 1917.....	329,661
Total.....	<u>490,017</u>
Quarter ended September 30, 1918.....	165,064
Quarter ended December 31, 1918.....	379,264
Total.....	<u>544,328</u>

Showing an increase during the first half of the present fiscal, year as compared with the same period in the last fiscal year, of..... 54,311

Mr. Sisson. What other item or items have you going to make up this general item of \$2,600,000?

Mr. RYAN. The increase in contract service, fourth contract section, is \$110,000. That is the actual increase in contracts effective July 1, 1918, as compared with the old contracts for the same service.

Mr. Sisson. How is that now?

Mr. RYAN. That is the increase in contracts let July 1, 1918, as compared with the same contracts for the previous four years.

Mr. Sisson. In other words, when you let a contract under peace conditions you got the contracts for \$110,000 less than you are able to let contracts since the war?

Mr. RYAN. That is correct.

Mr. Sisson. And these contracts then expiring during the present fiscal year and since the war began have cost you more money?

Mr. RYAN. Yes.

Mr. Sisson. This is for city delivery, is it?

Mr. RYAN. No; it is screen-wagon service.

Mr. Sisson. That is, in cities?

Mr. RYAN. All in cities; yes.

Mr. Sisson. Go ahead.

Mr. RYAN. The next item is for the normal increase in annual rates, \$179,799. That is for city delivery service, screen-wagon, and all other vehicular services.

Mr. Sisson. About \$179,000?

Mr. RYAN. Yes; that, of course, is to take care of the increase in the growth of the mail.

Mr. Sisson. Have you any other items?

Mr. RYAN. The next item covers the increased cost of operating Government-owned trucks purchased prior to July 1, 1918, also trucks purchased during the current fiscal year, other than those required to take over pneumatic service, \$829,879.

Mr. Sisson. You mean the item of \$829,879 represents what?

Mr. RYAN. The increased cost of operating trucks due to war conditions. We were obliged to bid against the War Department prices for chauffeurs and mechanics, the cost of repair parts, tires, and automobiles purchased.

Mr. DAVIS. Will you have to purchase any more?

Mr. RYAN. I think not during this year.

Mr. DAVIS. I was going to say if so perhaps you could purchase them from the War Department.

Mr. RYAN. The act of July 2, 1918, provides that all trucks used by the War Department and not necessary for their further use should be turned over to the Post Office Department without cost. But so far we have not been able to get many of these trucks.

Mr. DAVIS. You have not been able to get any of them?

Mr. RYAN. We have received a few.

Mr. DAVIS. From this time on I should think you would have no trouble getting all you need?

Mr. RYAN. The trucks that the War Department purchased in many cases have not been used, and some of them are only now being delivered to the War Department. We have been unable to avail ourselves of that law to any great extent so far. One day we think we shall have these trucks and the next day we find we are not to get them.

Mr. DAVIS. We might put a little piece of legislation in here if you want it done.

Mr. Sisson. If you have any suggestions to make we will be glad to enact some legislation to remedy the situation. Suppose you suggest something whereby we may provide these motor trucks for you without having to purchase them; all the trucks you need.

Mr. RYAN. I want to take that up with Mr. Koons. It is our desire to replace screen-wagon service in practically all large cities by installing Government-owned automobiles, for two reasons: It will give a more elastic service and cost much less. We are advertising for contracts under war conditions, and the rates may be prohibitive. The prices already received show about 100 per cent increase. If we can substitute for screen-wagon service Government-owned vehicles we can conduct the service much better and at less cost than under the old contracts.

Mr. Sisson. It seems to me if you will take that up with the proper authorities down in the Post Office Department, if it meets with the approval of Mr. Davis, Mr. Wood, Mr. McAndrews, and our other colleagues, I will be glad to put some legislation in the bill.

Mr. DAVIS. It meets my approval.

Mr. RYAN. I think the committee understands the benefits the department will derive from such action.

Mr. Sisson. If you will take that matter up and suggest a remedy we will be glad to take it up?

Mr. RYAN. I shall be glad to take it up.

Mr. Sisson. Go ahead with your statement.

Mr. RYAN. The items I have enumerated aggregate \$2,504,301.

Mr. Sisson. Let us see if we have those figures. Read them off.

Mr. RYAN. They are as follows:

Decrease in vehicle appropriation, 1919.....	\$65,000
Adjustment screen-wagon contractors' pay.....	665,000
Substituting motor vehicles for pneumatic-tube service (tubes cost \$960,- 312 annually). This includes both purchase price (\$167,531) and cost of operating trucks (\$437,092).....	604,623
Increase in quarterly allowances for temporary vehicle hire.....	50,000
Increase in contract service (fourth contract section).....	110,000
Normal increase in annual rates.....	179,799
Increased cost of operating trucks purchased prior to July 1, 1918, also of trucks purchased during the current fiscal year.....	829,879
Total.....	2,504,301

Mr. Sisson. That is what you want, exactly?

Mr. RYAN. Yes; for that item.

FOR MAIL-MESSENGER SERVICE.

Mr. Sisson. The next item is, "For mail-messenger service, \$400,-000." Explain about that?

Mr. RYAN. The distinction between the mail-messenger service and the screen-wagon service is this: Screen-wagon service under the law must be by contract and bond. Mail-messenger service is not under bond. A mail messenger may discontinue his contract at any time by giving 45 days' notice. We have had changes in this service during the past year to the extent perhaps of 80 per cent of our nearly 9,000 mail-messenger routes.

Mr. DAVIS. Is that change of bid or change of service reciprocal? If they can cancel on 45 days' notice can the Government do the same thing?

Mr. RYAN. Yes; we can cancel by giving notice and readvertising. Heretofore some routes have changed four or five times during the year. It depends entirely upon the scarcity of help in these small localities.

Mr. Sisson. Explain for the record exactly what you mean by the term "Mail-messenger service"; what service does it actually render?

Mr. RYAN. In a small place, and we will take Laurel, Md., as an example, we advertise for bids to carry the mail between Laurel post office and the railroad. It is a small service. In some places the messengers carry the pouch on their backs; in other places they have a pushcart; and in some places they may have a wagon, but it is not a regulation wagon, and the service costs less than screen-wagon service.

Mr. Sisson. You let a contract to John Jones, because he is the lowest bidder, to carry the mail from the station to the post office and from the post office to the station?

Mr. RYAN. That is it. It is too small for contract and bond. It is generally a very small service at a very low rate. But they have increased that rate during the last year perhaps more than double because of the scarcity of help, and the mail messenger gets a better paying job and quits.

Mr. Sisson. How much have you provided for that in the current law?

Mr. RYAN. The appropriation is \$2,700,000.

Mr. Sisson. How much has been expended?

Mr. RYAN. That appropriation is exhausted. In fact, in the mail-messenger service we now have a deficit. We will have a deficit on June 30, 1919, of \$348,832.

Mr. Sisson. You mean that you have expended your entire appropriation?

Mr. RYAN. No; but we haven't enough to carry it through.

Mr. Sisson. How much more than half of it have you already expended for the first six months or first half of the fiscal year?

Mr. RYAN. We estimate for the entire fiscal year we will need \$3,050,000.

Mr. Sisson. And you had how much?

Mr. RYAN. \$2,700,000, which leaves a deficiency of \$350,000 on June 30, 1919. Our annual rate has shown an increase of \$37,118 per month during the first four and one-half months of the fiscal year, and a deficiency increase of \$27,555 per month.

Mr. DAVIS. Isn't that a prospective deficit?

Mr. RYAN. Yes; but we have practically exhausted our allowance.

Mr. Sisson. If you have the figures there let me know what the apportionment was. Did you make an apportionment of these?

Mr. RYAN. Yes.

Mr. Sisson. As the law directs?

Mr. RYAN. Yes.

Mr. Sisson. When you make an apportionment you can not in any one quarter exhaust your appropriation for the fiscal year can you? If you make a monthly apportionment you can not exhaust that amount without a written order from the Postmaster General?

Mr. RYAN. We have canceled the apportionment for the last quarter.

Mr. Sisson. The first two quarters are past?

Mr. RYAN. Yes.

Mr. Sisson. How much more than half of the appropriation did you expend in the first two quarters?

Mr. RYAN. I do not have the figures.

Mr. Sisson. That would enable us to arrive more accurately at the situation?

Mr. RYAN. We expended in the first two quarters—I shall have to get that information.

Mr. Sisson. If you could approximate it I would like to have it now for our present information, and then when you get the report of your hearing you can put the accurate amount in?

Mr. RYAN. All I can say now is that the appropriation was \$2,700,000, and the annual rate of expenditure at this time is \$37,118 a month more than the appropriation. From the time we made up these estimates until the law became effective July 1, 1918, the expense had increased so that when we reached the first of the fiscal year we really had a deficiency for the present year, so that we were—

Mr. Sisson (interposing). In other words, you had a deficiency beginning with the first quarter, did you?

Mr. RYAN. Yes. We knew on the 1st of July, 1918, that we would not have enough in this appropriation even if there was no further increase in cost to carry us through the present fiscal year.

And that deficit has grown of course in accordance with the increase in the rates we have had to pay.

Mr. Sisson. Will the \$350,000 you now ask for carry you through on this item?

Mr. RYAN. Yes; I think that will be ample for this reason, a great many messengers who notified us that their contracts would be discontinued have, since the armistice was signed, withdrawn their resignations, indicating that they are now satisfied to continue at the rates they are receiving. This shows a tendency toward normal conditions. However, should the military camps be continued, and we are now advised they will, \$400,000 will be necessary.

Mr. Sisson. I wish you would also put into the record the exact condition of the fund at this time if you can do it accurately, by quarters?

Mr. RYAN. I shall do that.

Mr. Sisson. State what your next quarterly payment will be, and also what your last quarterly payment was?

Mr. RYAN. We can give you that and show just what money we had on hand January 1, 1919.

Mr. Sisson. And we can get what you have actually paid for the first two quarters?

Mr. RYAN. I will give you the actual figures on that.

Mr. Sisson. That will give us what is left to pay for the remaining quarters?

Mr. RYAN. That is right.

Mr. Sisson. Then if you will put in the amount needed for the two additional quarters it will account for the \$350,000 you now ask for.

Mr. RYAN. I will give you that, Mr. Sisson. While the estimated deficiency is \$350,000 we are asking for \$400,000. I would like to say that when \$350,000 was estimated we thought the camps would be discontinued, and we are using a large part of this money for carrying the mail from the railroad back 4 or 5 miles to the camps. In some places we are obliged to pay for that service as much as \$40 a day. We have made reductions where we could, but that service must be continued during the life of the camps, and perhaps during the remainder of the fiscal year 1919. The following is a statement of the account as it now stands:

Total appropriation 1919.....		\$2, 700, 000
Expended for quarter ended Sept. 30, 1918.....	\$710, 000	
Expended for quarter ended Dec. 31, 1918.....	760, 000	
		<hr/> 1, 470, 000
Leaving a balance on hand Jan. 1, 1919.....		1, 230, 000
Estimated expenditures, March quarter, 1919.....	\$800, 000	
Estimated expenditures, June quarter, 1919.....	830, 000	
		<hr/> 1, 630, 000
Leaving a deficit of.....		400, 000

Mr. WOOD. What makes that service cost \$40 a day?

Mr. RYAN. On account of the conditions existing at some of the camps. They use automobiles for passengers and freight, and we have to meet the competition in the best way we can.

Mr. WOOD. Why, with the enormous number of trucks and automobiles belonging to the Army can we not detail a chauffeur and a truck, or an automobile if necessary, to haul your mail man and his

mail from the camp to the post office and back? There is no doubt that they have had ample transportation facilities to do that, and why has it not been done?

Mr. RYAN. They have done that in a few places. They started to carry the mail at other places and then served notice on us that the service would be discontinued; and I recall one or two places where it was actually discontinued over night, and the postmaster hired such vehicles as were available until we could get a truck to perform the services.

Mr. WOOD. If you did not carry the mail for that particular camp or cantonment promptly they would be likely to furnish you transportation, I would think. Of course the soldiers must have their mail, and we want them to have it promptly in every case, but it does seem to me that the camp or cantonment officers should assist you in the work with their large numbers of trucks and automobiles.

Mr. RYAN. I will say that the business done at these camps and cantonments during the first 12 months was \$6,951,531.85 from the sale of stamps alone. The cost, including messenger service, special delivery service, and all other items of expense was \$1,723,736, showing a net profit of more than \$5,250,000.

Mr. WOOD. Could you notice any depreciation in the volume of mail in the country that you attributed to the fact that these soldier boys were going away and that made up this profit?

Mr. RYAN. No; but on the contrary it has increased the writing of letters and the sending of packages. The revenue stated represents mail going from the camps. Now the soldiers receive more letters than they write; they receive perhaps ten packages to one sent from the camps.

Mr. DAVIS. If they were at home their mothers and fathers would not be writing to them?

Mr. RYAN. No.

Mr. Sisson. That only represents the local charges on local letters?

Mr. RYAN. Yes; but does not represent stamps bought at the local post offices and used on mail sent from the camps.

Mr. Sisson. Nor does it represent the cost of transporting mail and packages over the railroads to the camps; nor the cost of transporting them after they get to the railroad to the destination of the packages sent from the camps?

Mr. RYAN. No; it shows the receipts only at the camps.

SATURDAY, JANUARY 11, 1919.

RECLAMATION SERVICE.

STATEMENT OF MR. ARTHUR P. DAVIS, DIRECTOR OF RECLAMATION SERVICE.

LOWER YELLOWSTONE PROJECT, MONTANA.

The CHAIRMAN. Mr. Davis, there has been an estimate submitted for \$52,080.50 in the nature of a deficiency in connection with the Lower Yellowstone project, Montana. Will you tell us just the reason for this estimate?

Mr. DAVIS. The estimate for the Lower Yellowstone project is \$52,000, as shown on page 5 of House Document No. 1620, while the \$80.50 is for some disallowances in the disbursements for other purposes that have been made.

On the Lower Yellowstone, about the middle of last August, there was a cloudburst, a very remarkable storm, which filled the drainage lines and overflowed the canal and caused seven breaks in the main canal. It is estimated it will take about \$52,000 to repair that damage, and the reason it is put in as an emergency is that the current appropriation is not sufficient to provide for it and that it is necessary to put it in shape to deliver water before the beginning of the irrigation season. We have this same estimate duplicated in our annual estimates, however, so that if this passes that estimate can be reduced by a like amount. It was asked that that amount be made immediately available so that if this did not get through it would be in the regular estimates.

The CHAIRMAN. How much money was appropriated for this project last year?

Mr. DAVIS. \$55,000.

The CHAIRMAN. And for what purpose?

Mr. DAVIS. For maintenance, operation, and upkeep. That has been practically all spent, and a part of it for this work, but it was not sufficient for it, and the current appropriation has also already been used partly for this emergency work, and that causes the deficiency.

The CHAIRMAN. What is the status of this project?

Mr. DAVIS. The Lower Yellowstone project is one of those in the semiarid region; we have under ditch, to which we are able to deliver water, about 42,000 acres of land, but until last year only a small part of that was irrigated because the farmers were unwilling to pay the charges. Being in a semiarid region they always have the possibility of getting crops, and frequently do get crops, without irrigation, but never as large as they would with it; but they sometimes get, under lucky circumstances, about as much, and when that gambling possibility is presented there is a large percentage that prefer to take that chance rather than pay.

There has also been the element of believing that the Government would modify its attitude in regard to collection, but that has not been done, and now they are actively at work trying to organize a district so as to force in the unwilling land owners and force them to pay their share. That district will, if they can carry it through, make a contract to repay the charges announced by the Secretary of the Interior of \$42.50 and \$45 an acre. The status of that is that they had not a suitable district law a few years ago, but the people have gotten busy and had a State law passed permitting them to do that; that law has been passed and is in satisfactory form. They are now organizing the district, and I feel quite confident that they will go through with it and make a contract that will carry out the intent of the act and that the cost will be returned.

The CHAIRMAN. Will this storm damage be computed in the cost to be repaid?

Mr. DAVIS. Yes, sir; that is the intention.

The CHAIRMAN. To what extent has it interfered with the ability to distribute water?

Mr. DAVIS. It prohibits it upon nearly all the land. The breaks are marked on this map by the red arrows. The head of the canal is at the left-hand side of the map at that point [indicating], and for the first 5 or 6 miles there is hardly any land irrigated; then the land begins which is irrigated until you get below some of these breaks; there are seven breaks and four of them are quite serious.

The CHAIRMAN. How soon do you expect to start this work?

Mr. DAVIS. We will start it just as soon as the money is available.

The CHAIRMAN. Can you, on account of weather conditions?

Mr. DAVIS. Yes, sir; we can start some classes of it, and, of course, collect organization, equipment, and materials. I do not imagine the money will be available before the climate will permit us to begin.

The CHAIRMAN. How soon can you get in the field?

Mr. DAVIS. That depends upon the character of spring we have. When building that canal we worked during the winter on a good deal of it. Of course, it is not quite as advantageous to work in the winter as at other times, but I think throughout the months of March and April we will have workable weather.

The CHAIRMAN. How long will it take to repair this damage?

Mr. DAVIS. I have not any very close estimate on that, but it depends on how large a force we organize; and the sooner we get the money the more economy there will be, because we will not have to organize as large a force as if we did the work in a shorter time.

The CHAIRMAN. What are you proposing to do next year as regular work in addition to this repair work, if anything?

Mr. DAVIS. Nothing for next year. We are hoping to get this contract with the people that I speak of, and if that is done we can extend these laterals to cover the land that is not now available for irrigation. We have ditches constructed to bring under irrigation the land that is colored in red on this map; and that which is colored in orange can be irrigated by the extension of the works, and those extensions should be undertaken when we have the assurance that the cost will be repaid, so as to complete the project.

The CHAIRMAN. How many water users are affected?

Mr. DAVIS. There were 21,000 acres irrigated in 1918, the past season and, I suppose, about 300 owners. Of course, it also affects those who are not irrigating, which is nearly one-half. Nearly one-half of the land took water during 1918 that we are able to deliver water to. That represents about two-thirds of the farmers.

The CHAIRMAN. What was the character of the destruction?

Mr. DAVIS. It was mainly the washing out of the lower bank of the canal, but in some cases we have an upper bank that was washed out; but in most cases it was the drainage from the hillsides coming into the canal, overflowing it and filling it up with sand, and then running over the side and cutting it out. This is the first time this kind of a storm has been experienced in our acquaintance with that country, and we will have to include in some cases a larger provision for drainage so that a future flood of that kind will not cause us any damage.

The CHAIRMAN. Then this canal is just of earth?

Mr. DAVIS. Yes, sir; there are concrete structures along it for taking care of drainage, turnouts, and so on, but it is of earth, mainly.

The CHAIRMAN. There is no difficulty in the canal itself—I mean it holds water?

Mr. DAVIS. The canal is a good one, but there is this, though, that is included: We have been operating that system for about 10 years for very few irrigators, trying to get them in line to comply with the law and their contract, and during that time, with such a small amount of water, whatever sediment was carried has been deposited in the canal, and that has been gradually accumulating and not cleaned out.

The CHAIRMAN. Did this flood scour it at all?

Mr. DAVIS. It made it worse. It scoured it in a few places, but in general washed in more sediment from the hillsides.

INSTALLATION OF TELEPHONES.

The other item in the estimate is explained in the Secretary's letter as well as I can explain it. It is to pay for the installation of telephones that were necessary or the use of telephones necessary in the operation of the canals, which were put in the residence of the manager. The bills were paid by the disbursing officer, but were disallowed by the comptroller as not being permitted by existing law, and as it now stands the disbursing officer would lose the money.

The CHAIRMAN. This occurred prior to the 1919 law?

Mr. DAVIS. Yes.

The CHAIRMAN. Because the 1919 law provides specifically for official telephone service.

Mr. DAVIS. It occurred prior to that.

EXPENSE OF AUTOMOBILE.

The CHAIRMAN. There also seems to be an item of \$37.50 due to the expense of an automobile.

Mr. DAVIS. Yes, sir. That was also used for official purposes and was necessary but has been disallowed, and the fiscal agent loses the money. The man who performed the service did it under orders and it was necessary, but he is now out of the service and refuses to refund the money because it was not done for his benefit, and the disbursing officer is out that much.

TUESDAY, JANUARY 7, 1919.

ST. ELIZABETH'S HOSPITAL.

STATEMENTS OF DR. WILLIAM A. WHITE, SUPERINTENDENT, AND MR. M. SANGER, STEWARD.

GENERAL REPAIRS AND IMPROVEMENTS.

Mr. Sisson. Your item appears in House Document No. 1598, as follows:

Buildings and grounds, St. Elizabeth's Hospital: For general repairs and improvements (act July 1, 1918; Revised Statute 40, p. 679; sec. 1): Total amount to be appropriated under each head of appropriation, \$35,000; amount appropriated for the fiscal year 1919, \$55,000.

You have had in all prior to this for the fiscal year 1919, \$55,000.

Dr. WHITE. Yes, sir.

Mr. Sisson. First, tell us what is the condition of your present appropriation of \$55,000.

Dr. WHITE. We have spent all of it or have obligated ourselves for all of it, with the exception that there is a balance of about \$3,000 to cover certain expenses, and we do not know how much they will be.

Mr. Sisson. For what have you expended the \$55,000? You will notice that the language provides for general repairs and improvements. What have you done with that amount?

Dr. WHITE. We have one contract for an additional sewer amounting to \$26,000; we have one contract for repairing boilers amounting to something like \$5,000, and the rest of it is for the general pay roll. It also includes minor repairs to plumbing, etc., all over the place.

Mr. Sisson. That \$55,000 is not your regular maintenance fund?

Dr. WHITE. No, sir; that is the repair fund.

Mr. Sisson. Of course, I meant the fund for the maintenance of the buildings.

Dr. WHITE. No, sir; that is just a repair item.

Mr. Sisson. Now, you are not authorized out of your regular repair fund to do other than repair work to the plant in existence. In other words, you are not permitted to put on new additions to your plant out of that fund.

Dr. WHITE. No, sir.

Mr. Sisson. And you have not done that?

Dr. WHITE. No, sir. All of those things are passed upon absolutely by the comptroller in such a way that we could not do it even if we wanted to.

Mr. SANGER. In the case of the sewer, it was found that the sewers were not adequately draining the existing plumbing. When some of the buildings were put up there were some blind traps provided and the sewers had to be extended slightly or straightened out, because otherwise the whole plant might have gotten into trouble.

Mr. Sisson. In making your connection with the sewer main, that is work that devolves upon the institution?

Dr. WHITE. Yes, sir.

Mr. Sisson. You connect, of course, with the city sewer system?

Dr. WHITE. Yes, sir.

Mr. Sisson. And that sewer you built was simply to connect your plant with the sewer main?

Dr. WHITE. The institution is an old one and buildings have been added and added. It came to the point where we were adding buildings to an extent that overburdened the existing sewer system, and we had to build a new one to provide adequate drainage.

Mr. Sisson. In taking the testimony on this item of \$55,000, was that sewer mentioned originally in connection with the money that you needed at that time?

Dr. WHITE. My recollection does not serve me accurately there, but I do not think it was.

Mr. Sisson. In making this estimate in the sundry civil bill, you asked for the usual item of \$55,000?

Dr. WHITE. Yes, sir; that is the usual amount.

Mr. Sisson. That amount has usually carried you through, has it not?

Dr. WHITE. Yes, sir; it has usually carried us through; but because of the fact that conditions were extraordinary this year we have had to pay at least double for everything.

Mr. Sisson. So that your \$55,000 has been either expended or obligated?

Dr. WHITE. Yes, sir.

Mr. Sisson. What do you propose to do with this \$35,000?

Dr. WHITE. Well, we must maintain the repair situation of the institution for the next six months. Our institution is a \$5,000,000 plant, and at the rate of \$55,000 the appropriation permits of only 1 per cent of deterioration a year, and that is very moderate.

Mr. Sisson. You never apportion this fund do you? This is not one of the funds that you can apportion, is it?

Dr. WHITE. In monthly periods?

Mr. Sisson. Or quarterly.

Dr. WHITE. No, sir; we do not apportion it. We have our ordinary repairs to continue for the next six months. The pay roll alone under the repair appropriation would be \$12,000 for the next six months. That is for carpenters, etc.

Mr. Sisson. Do you maintain a permanent corps of carpenters there?

Dr. WHITE. Yes, sir.

Mr. Sisson. How many?

Dr. WHITE. The number varies according to the work. We have eight now. We have a nucleus of plumbers, carpenters, steam-fitters, electricians, etc.

Mr. Woods. You have a superintendent of construction out there, have you not?

Dr. WHITE. Yes, sir.

Mr. Sanger. I might say, for instance, that we had a patient out there who took a stick a couple of days ago and went through and broke out 37 windows. Of course, we could not anticipate a thing of that sort, and it will cost probably \$1.20 apiece for the glass, and that will be quite a big item. We can not anticipate when a man will throw something down a water-closet and get the plumbing out of order.

Mr. Sisson. What did this sewer cost you?

Dr. WHITE. This contract that we let is for \$26,000.

Mr. Sisson. Has that work been done?

Dr. WHITE. It is being done now.

Mr. Sisson. It will be paid for out of this \$55,000?

Dr. WHITE. Yes, sir.

Mr. Sisson. This bill will probably not become a law until the latter part of this month, and there would be five months to provide for. Now, you are asking for \$35,000 for five months, and you have already had \$55,000. Your maintenance fund is pretty high, is it not?

Dr. WHITE. Yes, sir; it is high. Everything is higher these days, and we have to pay about double for everything.

Mr. Davis. Have you doubled the salaries?

Dr. WHITE. No, sir.

Mr. Davis. Have you increased the salaries of your carpenters and mechanics?

Dr. WHITE. Yes, sir; we have increased them.

Mr. Sisson. Is there any particular reason why your repair fund should be increased by \$35,000?

Dr. WHITE. There are a number of reasons. Of course the main reason for asking the \$35,000 is because of that single item of \$26,000 for a sewer, which was largely rendered necessary by the putting up of additional buildings for the care of insane soldiers that we have to care for, which buildings overtaxed the sewerage system already in existence to the extent that it would have created insanitary conditions.

Mr. Sisson. In other words, there was an extraordinary expenditure of \$26,000 on account of sewerage, making an extraordinary drain upon that fund of \$55,000. It was practically \$26,000 more than you anticipated?

Dr. WHITE. Yes, sir; absolutely.

Mr. Sisson. You did not anticipate that when you made your estimate of \$55,000?

Dr. WHITE. We did not know that we would have that expense then, I am sure.

Mr. Sisson. That accounts for \$26,000, and there are \$9,000 additional. How is that to be accounted for?

Dr. WHITE. That is to be accounted for by the increased cost of labor and materials, and also because of the increased size of the plant.

Mr. Sisson. So that, as a matter of fact, for the maintenance of your buildings proper, or for your repairs proper, you have asked really for an increase of only \$9,000?

Dr. WHITE. For ordinary repairs; yes, sir.

Mr. Sisson. Because \$26,000 of your \$55,000 was absorbed in this extraordinary expenditure for sewerage?

Dr. WHITE. Yes, sir.

Mr. Sisson. Which was not estimated for but which you have had to provide for?

Dr. WHITE. Yes, sir. Our usual appropriation under that item is \$55,000. We have made our estimates for 1920 and are asking for an appropriation of only \$69,000 under that item.

FRIDAY, JANUARY 10, 1919.

BOTANIC GARDEN.

STATEMENT OF MR. GEORGE W. HESS, SUPERINTENDENT.

FOR RESTORATION OF PART OF BUILDING DESTROYED BY FIRE.

The CHAIRMAN. There has been submitted to me by the Committee on the Library of the Senate an informal estimate of \$1,800 to restore a part of a building in the Botanic Garden that was destroyed by fire. What have you to say about that matter?

Mr. HESS. On November 22 we had the misfortune to have a fire in our seed house. If the two ladies who are usually at work there had not been home sick at the time, they would have had great difficulty in getting out, if at all, because the entrance and stairway to the room in which they work is right over the boiler room. The boiler

room was burnt out completely, also the wash room, and a portion of the room that is used for the storage of seeds was greatly damaged. I am asking for this money in order to repair the damage and put that part of the building in fireproof condition. After consulting with Mr. Woods we called into consultation a contractor and he gave us these figures.

The CHAIRMAN. How necessary is this room?

Mr. HESS. It is very necessary.

The CHAIRMAN. What do you do there?

Mr. HESS. We use a part of the building for packing the seeds and another portion as a storehouse.

The CHAIRMAN. You mean the packages of seeds you send to the Members of Congress?

Mr. HESS. Yes, sir; and seeds that we save for our own use.

The CHAIRMAN. What sort of a building are you going to put up?

Mr. HESS. I do not intend to construct a new building, but simply repair the damage and place that part of the building in fireproof condition. I also intend to provide another entrance, if I can, so that the entrance will not be right over the boiler room.

DECEMBER 28, 1918.

HON. SWAGAR SHERLEY,
*Chairman Committee on Appropriations,
House of Representatives.*

MY DEAR MR. SHERLEY: I send you a letter from Mr. George W. Hess, Superintendent United States Botanic Garden, which explains itself. I wish you would put on the deficiency appropriation bill the amount asked for, \$1,800, for the purposes which he suggests. The architect of the Capitol, Mr. Woods, has made a survey of this work, and finds that the amount asked, \$1,800, will be sufficient to make the necessary repairs.

I am, with every expression of regard,
Very truly, yours,

JOHN SHARP WILLIAMS.

WASHINGTON, D. C., December 19, 1918.

HON. JOHN SHARP WILLIAMS,
*Chairman Joint Committee on the Library,
United States Senate.*

SIR: Mr. George W. Hess, Superintendent United States Botanic Garden, has probably notified you of the fire which occurred in the seed house a short time ago. I looked over the building after the fire and made some suggestions, which were more or less radical. Since that time I sent one of our constructors down to talk with Mr. Hess, and they have agreed upon a proposition for the repair of this building, which materially modifies my first proposal and reduces the expense materially.

After talking the matter over this morning I am satisfied that Mr. Hess can make all the necessary repairs to this structure for the sum of \$1,800, and I respectfully recommend that a request to that effect be made of the Senate Committee on Appropriations when the first urgent deficiency bill comes before that body.

Very respectfully,

ELLIOTT WOODS,
Superintendent United States Capitol Building and Grounds.

WASHINGTON, D. C., December 28, 1918.

SIR: On the 22d day of November a fire occurred at the Botanic Garden resulting in considerable damage to the seed department and boiler room. So far I have been unable to determine the origin of the fire. The flames spread rapidly completely destroying the boiler room, hallway, and part of the seed department.

I consulted Mr. Woods, Superintendent of the Capitol Building and Grounds, about this matter and, after making a careful survey of the damages, was advised by

him that the sum of one thousand eight hundred dollars (\$1,800) would be necessary to repair and put the building in a fireproof condition.

Owing to the fact that we have no funds available to make repairs, I respectfully request that an appropriation be made in the urgent deficiency bill soon to be considered by Congress.

Very respectfully, yours,

GEO. W. HESS,
Superintendent.

HON. JOHN SHARP WILLIAMS,
*Chairman Committee on the Library,
United States Senate.*

MONDAY, JANUARY 13, 1919.

GOVERNMENT PRINTING OFFICE.

STATEMENTS OF MR. CORNELIUS FORD, PUBLIC PRINTER, AND MR. RUSSEL O. BEENE, ACCOUNTANT.

Mr. Sisson. Mr. Ford, you have a deficiency of \$158,370.07, made up of two items, payment for holidays, \$80,410, and leaves of absence, \$77,960.07. Will you explain for the record the first item, payment for holidays, and state how that deficiency is occasioned?

PAY FOR HOLIDAYS.

Mr. FORD. We found, beginning at the first of the year, that we had in the neighborhood of \$18,000 left out of our appropriation to meet five holidays that are to come.

Mr. Sisson. How much does it cost to meet a holiday?

Mr. FORD. Around \$19,500.

Mr. Sisson. That, of course, is for people who work on the piece-work basis?

Mr. FORD. It is for all the employees of the office.

Mr. Sisson. You mean the employees on the per diem roll?

Mr. FORD. Yes, sir.

Mr. Sisson. So that your annual salary roll would not be affected by the legislation in reference to holidays?

Mr. FORD. Yes, sir.

Mr. Sisson. Explain how this affects your appropriation.

Mr. FORD. Through the increased wage that has been brought about in the pay of printers, binders, and pressmen. They used to receive 50 and 55 cents per hour by act of Congress, and their pay has been increased to 60 cents per hour, and in some cases 65 cents per hour. Of course, when we have separations and deaths, the money earned during this year has got to be paid, and our estimates originally were based upon the old pay, and were made out previous to those increases going into effect.

Mr. Sisson. When did this increase go into effect?

Mr. FORD. Sometime in July, I think, if I remember aright.

Mr. Sisson. At the 1st of last July?

Mr. FORD. I think so.

Mr. Sisson. And your estimates for the current fiscal year were made up when?

Mr. FORD. In October, a year ago.

Mr. Sisson. Your estimates were made up on the basis of a smaller wage, and after that Congress increased the wage?

Mr. FORD. Yes, sir; and that increased the cost per day for holidays.

Mr. Sisson. Is there any difference between the amount paid for a holiday and any other day?

Mr. FORD. No, sir; they only get their day's pay, unless they are employed on that day; but where they are off and do not work, they only get the holiday pay.

Mr. Sisson. In making up your estimates, did you make any calculation with reference to holidays?

Mr. FORD. Yes, sir; we provide always for about 13 holidays a year, but there are holidays brought about by Executive order. For instance, we had two such last year.

Mr. Sisson. I do not quite understand how these Executive orders affect your appropriation for payments for holidays if you do not pay more for holidays than for other days.

Mr. WOOD. You do not pay more?

Mr. FORD. No, sir. For instance, we have 13 holidays and then there are two or three additional holidays brought into effect by Executive order. That would mean two or three times \$19,000, or whatever the daily wage might amount to.

Mr. WOOD. Do you keep that holiday pay separate?

Mr. FORD. Yes, sir; it is kept separate and distinct.

Mr. Sisson. Now, let me see if I can get this straight for the record. Suppose you had made an estimate for 13 holidays and suppose the President, by Executive order, should declare two additional holidays. That would not affect your appropriation, would it?

Mr. FORD. Yes, sir.

Mr. Sisson. How would it affect it?

Mr. FORD. Because we only estimated for 13 holidays, when, as a matter of fact, we got 15 holidays.

Mr. Sisson. If they did not get any pay at all, it would, of course, relieve your appropriation. Suppose they did not work at all and did not get any pay, and you have estimated, for example, for 300 days' work. You have made your estimate for salaries for 300 days' work. Then suppose the President issued a proclamation declaring two additional holidays, which would cut the working days to 298—

Mr. FORD (interposing). Yes, sir; but the Executive orders say "with pay."

Mr. Sisson. You have estimated for 300 working days and you have got your appropriation on the basis of 300 working days. Now, suppose the President issues an Executive order declaring two additional holidays, thereby cutting the working days to 298, or 2 days less than you estimated for—but suppose you insisted on their working, and they did work those days, you would have your appropriation for the 300 days?

Mr. FORD. Yes, sir; but if I insisted on their working on a holiday, I must still pay them the holiday pay, and I can not pay it out of the lump sum. They must be paid double time. We can not use any of the lump sum appropriation for holiday pay.

Mr. BEENE. When a holiday comes in, the printing and binding money, from which they are paid when they work, is saved that much. They are paid out of this other fund—or the holiday fund.

So that if we had two additional holidays declared by Executive order, the money for those two days would be paid out of the holiday fund and there would be a corresponding saving in the printing and binding fund. We do not have to pay the printing and binding appropriation money for holidays, and to that extent would go back into the Treasury.

Mr. FORD. Under the law those funds, the lump sum, leave, and holiday funds, are separated. Congress makes a distinct appropriation for holidays, and that is the only fund from which we can pay for holidays. But if employees should work on that holiday, then the money is also taken out of the lump-sum appropriation, thereby giving them double time. The law provides that they shall be paid for holidays. For instance, if the rate is \$4 per day, he is paid \$4 per day for the holiday, and if he works on that holiday, the law also provides that he shall be paid \$4 out of the printing and binding appropriation, so that the employee would get \$8 for that particular day. But where a holiday comes in and they are off and do not work, they only get the holiday pay, and the printing and binding appropriation is saved that much.

Mr. Sisson. Every printer who works on a holiday, gets his holiday pay plus his regular pay?

Mr. FORD. Yes, sir; if he works.

Mr. Sisson. But if he does not work, he only gets his holiday pay, and the lump sum or regular appropriation to that extent remains in the Treasury?

Mr. FORD. Yes, sir.

Mr. Sisson. And if at the end of the year anything is left, it is covered into the Treasury?

Mr. FORD. Yes, sir. Last year we turned in somewhere in the neighborhood of \$26,000 of holiday pay. That was brought about by the fact that we did not use the pay for the three half-Saturday holidays from the second of June to the 1st of July. It was war time and it was optional whether we should give it. We saved that \$26,000. That is the reason the annual report of the Public Printer shows \$26,000 turned back from the holiday pay.

Mr. Sisson. How many employees do you estimate will be affected by this legislation?

Mr. FORD. All of the per diem employees.

Mr. Sisson. How many?

Mr. BEENE. Practically 4,700.

Mr. Sisson. Supply the exact number for the record.

Mr. BEENE. I will do so; 4,724, January 13, 1919.

Mr. Sisson. As a rule would all of them be affected? If they did not work on the holiday, of course they would be paid out of the holiday fund. If half of them worked, one-half of them would get their regular pay, and the pay for the other half would go back into the Treasury?

Mr. FORD. Yes, sir.

Mr. BEENE. The law requires us to pay it.

LEAVES OF ABSENCE.

Mr. Sisson. For leaves of absence you have estimated a deficiency of \$77,960.07. How is it that you have a deficiency there?

Mr. FORD. If I remember right, we asked for \$500,000, and the Congress appropriated \$400,000 for that purpose.

Mr. Sisson. That covers how many leaves of absence?

Mr. FORD. Every employee is entitled to 30 days' leave.

Mr. Sisson. With pay?

Mr. FORD. Yes, sir; with pay.

Mr. Sisson. Is that amount based absolutely upon the number of employees in the Printing Office?

Mr. FORD. Yes, sir. As you will see, the leave proposition fluctuates.

Mr. Sisson. How long does the employee have to work before he becomes entitled to leave?

Mr. FORD. As soon as the employee starts work he begins to earn leave, but he does not get it until the following year. For instance, if you worked six or eight months in the Printing Office, you would have earned two and one-half days' leave per month, and if you should die or resign, then you would be entitled to be paid for the leave you earned in that year.

Mr. Sisson. Suppose I should go down to the Printing Office to-day and should work six months, would I get two and one-half days' leave for each month?

Mr. FORD. Yes, sir.

Mr. Sisson. Could I take it?

Mr. FORD. No, sir; you could not take it until the following year.

Mr. Sisson. You must work a full year before taking it?

Mr. FORD. Yes, sir; you would earn your leave in this year.

Mr. Sisson. Then you are always one year behind on the 30 days' leave?

Mr. FORD. Yes, sir.

Mr. Sisson. Because they do not get it until they have earned 30 days' leave.

Mr. FORD. Yes, sir.

Mr. Sisson. So that you will be 30 days behind with it the next year. You can not double it up and make them take 60 days?

Mr. FORD. They can only earn 30 days' leave in a year. Some of them do not get 30 days.

Mr. Sisson. Suppose a man had been working down there for five years, and at the end of this year he dies: Would you give his family or estate pay for 30 days' leave?

Mr. FORD. He gets what he earns.

Mr. Sisson. His family would get what he earned?

Mr. FORD. His estate or family would get it; in case of his resignation the same thing would apply.

Mr. Sisson. In other words, in that event, a man might get 60 days in one year.

Mr. FORD. No, sir.

Mr. Sisson. Suppose he had been there for five years, and suppose during the five years he had not taken all the leave he had earned.

Mr. FORD. At the expiration of the year in which he should take his leave, the leave is gone if he does not take it.

Mr. Sisson. In other words, it does not accumulate.

Mr. FORD. On June 30 what he has earned and not taken is lost and he starts off earning his new leave.

Mr. Sisson. That is to say, if a man fails to take his leave of absence during the year, or before June 30, he loses it. He can only earn 30 days' leave, and there can never be due him at any one time more than 30 days' leave.

Mr. FORD. No, sir.

Mr. BEENE. In some cases he would.

Mr. FORD. For instance, on the 15th of June a man has practically earned his 30 days' leave for that year and it is possible that during the previous year he had some leave earned and not taken; if he separates from the service or dies, of course he is paid all the leave that he has earned, which, in that case, would be beyond 30 days. That is true, because he earned 30 days and he has until the 30th of June to take it. Now, he is entitled to it, but suppose he does not take it; suppose he dies before he has taken the leave that he has earned during that fiscal year. Then he has so many days due him, and he is paid for it, whether he resigns or dies.

Mr. Sisson. In case he resigns or dies, he does accumulate leave!

Mr. FORD. I do not know that you could call it accumulating leave, because he is supposed to take the 30 days that he has earned, and as a rule they do not wait that long. As a matter of fact, they would not wait that long. I have never known of a case where a man would draw 60 days.

Mr. Sisson. Does he ever draw 35 days?

Mr. FORD. He can draw 35 days or 45 days. He could have 10 days due last year and 10 days due the current year, to be added to the 10 days earned in the previous year.

Mr. Sisson. Does the comptroller rule that?

Mr. FORD. Yes, sir; that is the law.

Mr. BEENE. In the Government Printing Office the employees earn their leave, and they do not get it the first year. If a man enters the service on the 1st of July and works all the rest of that year, until the 30th of June, he is not entitled to any leave unless he leaves the service, but at the end of the year he has 30 days' leave to his credit that he has earned, which he takes in the next year.

Mr. Sisson. The Government always owes him at the end of the year 30 days' leave. If he works for six months and dies, he has earned 15 days' leave. Then, if he has earned 30 days previously that he has not taken he would be entitled to 45 days' leave?

Mr. BEENE. Yes, sir.

Mr. Sisson. If he died on the 30th day of June, or on the last day of the year, not counting the fractional parts of days—that is, if he only worked in the morning of the 30th of June or worked for two hours and got killed, he would have 60 days leave?

Mr. FORD. That never occurs, although it could occur. There is no man employed down there who will wait until the 30th day of June and then have 30 days leave to be taken.

Mr. Sisson. I do not mean to say that they would do it. Suppose he goes on and does not take any of that leave at the beginning of the year?

Mr. BEENE. Under the law he would lose it. He has all of this year to take the leave that he earned last year, but if he does not

take the leave earned last year in this year, he does not get it. He only gets 30 days.

Mr. Sisson. How many men did you say were affected by this deficiency of \$77,960.07?

Mr. BEENE. About 4,700 people are now carried on the lump-sum rolls.

Mr. Sisson. That many would be entitled to this leave?

Mr. BEENE. Yes, sir; it would be between 4,700 or 4,800—the roll fluctuates.

Mr. Sisson. The same number that is affected by the holiday appropriation?

Mr. BEENE. Yes, sir; the same number.

Mr. Sisson. You do not mean to tell me that all these people have been working down there for 12 months? You have some new people in there, have you not?

Mr. BEENE. Yes, sir.

Mr. FORD. The only way in which new employees would come into that would be this: For instance, as you stated, if a man worked six months, he would be entitled to 15 days' leave if he died or separated from the service, but if he continued in the service, he could not take that leave until the following year.

Mr. Sisson. What I mean is this: Your leave proposition ought not to be affected during this current fiscal year as much as your payment for holidays proposition.

Mr. BEENE. We prepared this estimate upon the basis of the number of people that we had at that time. We have estimated for the accrued leave to be paid on account of deaths and separations from the service the sum of \$46,000. The balance is to take care of the leave that was due July 1, the beginning of the fiscal year, that had been earned, and which we know definitely the amount.

Mr. Sisson. But you are asking for \$77,960.07?

Mr. BEENE. There was due to employees for leave earned \$114,393.29 on January 1, and our balance available was \$75,555. The employees are entitled to that much money for leave earned prior to the 30th of June last, and they have from now until the end of the year to take that leave.

Mr. Sisson. In other words, you had already expended to December 31, 1918, \$317,566.78, and there is due to employees up to the date of this estimate, on January 1, \$114,393.29?

Mr. BEENE. Yes, sir.

Mr. Sisson. Then, for the balance of the fiscal year, you estimate \$46,000?

Mr. BEENE. Yes, sir; for the accrued leaves.

Mr. Sisson. On account of deaths and separations from the service you estimate for the fiscal year \$46,000?

Mr. BEENE. Yes, sir.

Mr. Sisson. This \$114,393.29 is up to the 30th of June, is it not?

Mr. BEENE. Yes, sir; earned up to the 30th of June, 1918.

Mr. Sisson. They will have until the 30th of June, 1919, to absorb that \$114,393.29, and if they do not absorb it, it will be covered back into the Treasury?

Mr. BEENE. Yes, sir.

Mr. Sisson. Then, you estimate in addition to that, by virtue of deaths and resignations, that in order to pay the earned leave you will require \$46,000?

Mr. FORD. Yes, sir; for this year.

Mr. Sisson. In other words, that is——

Mr. FORD (interposing). What they have earned this year.

Mr. Sisson. That is estimated, because if they do not die or resign it will be paid out of the \$114,393.29?

Mr. FORD. Yes, sir.

Mr. Sisson. Or go into the next year?

Mr. FORD. Yes; that is the idea exactly.

Mr. Sisson. In other words, the total necessary is \$477,960.07 for leaves?

Mr. FORD. Yes.

Mr. Sisson. You had appropriated for this fiscal year \$400,000.

Mr. FORD. Yes, sir.

Mr. Sisson. Which leaves you \$77,960.07 short?

Mr. FORD. Yes, sir.

Mr. Sisson. That is the physical calculation, which with you have absolutely nothing to do?

Mr. FORD. Yes.

Mr. Sisson. It is a mere bookkeeping proposition?

Mr. FORD. Yes.

TUESDAY, DECEMBER 17, 1918.

PORT AND INLAND STORAGE FACILITIES.

STATEMENT OF MAJ. GEN. GEORGE W. GOETHALS.

The CHAIRMAN. General, you have had \$150,000,000 in deficiency appropriation bills and \$147,000,000 in the Army act in connection with the creation of port and inland storage facilities?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. How much of that have you spent, how much have you obligated, and how much can you give us back?

Gen. GOETHALS. The total amount appropriated was \$297,000,000. Of the \$150,000,000 appropriated under the deficiency bill and applicable to 1918-19 fiscal year we have an unobligated balance of \$1,368,037.17 and under the appropriation of \$147,000,000 for the fiscal year 1919 we have an unobligated balance of \$85,394,630.16 or a total of the two appropriations of \$86,762,667.33.

The CHAIRMAN. That is unobligated and is a free balance, which could be taken back?

Gen. GOETHALS. Yes; provided we leave the projects just as they stand to-day.

The CHAIRMAN. You are going to recover a good deal of money out of your obligations?

Gen. GOETHALS. Not if we complete these buildings for storage purposes, and even then we will not have storage enough. Amount required to complete projects under construction, \$6,850,000; for accrued rentals, operating expenses, and miscellaneous, \$3,762,667.33. or a total of \$10,612,667.33. The available balance on December 1, 1918, taking into account the amount set aside for completing the projects and rentals, was \$76,150,000. We have land under requisition the estimated cost of which is \$1,924,000; estimated operating expense, November 1, 1918, to June 30, 1919, \$5,000,000; estimated

rentals from November 1, 1918, to June 30, 1919, \$2,300,000; estimated expense, civilian employees and miscellaneous, \$1,900,000, or a total of \$11,124,000, which will leave a balance available against which no obligation, either direct or indirect, has been incurred of \$65,026,000. That is the status.

The CHAIRMAN. How many different projects have been undertaken out of these funds?

Gen. GOETHALS. We have put in construction at the National Army and National Guard camps aggregating \$6,570,000. Those were in addition to the existing facilities. At posts and forts, additions to existing facilities, \$290,000. New construction was begun at Atlanta, Baltimore, Boston, Chicago, Governors Island, Jeffersonville, Newport News, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Washington aggregating a total of \$19,652,000; we have joint reserve depots at Columbus, New Cumberland, South Schenectady, and Springfield aggregating \$15,978,000; expeditionary depots were undertaken at Boston, South Brooklyn, Charleston, Hoboken, New Orleans, Norfolk, Philadelphia, and Port Newark aggregating \$136,882,000; ordnance depots at Charleston, Curtis Bay, Pigeon Point, Raritan, Rock Island, South Bethlehem, and Oldham, aggregating \$26,500,000; equipment for expeditionary and interior depots, aggregating \$2,324,000; leases and rentals, \$1,761,000; and operating expenses, \$333,000, or total obligations to December 1 of \$210,237,332.67.

MONEYS RECEIVED FROM OTHER APPROPRIATIONS.

The CHAIRMAN. Have you received a lot of moneys by allotment from other appropriations for this character of work?

Gen. GOETHALS. We received certain sums of money for work in progress at Curtis Bay, Pigeon Point, and Raritan from the Ordnance, and there were certain sums already expended or in the course of expenditure at some of the quartermaster depots for enlargements. We took the available moneys that had been appropriated for the Quartermaster Department and the Ordnance Department and they secured no more. In addition to that, we got this appropriation.

The CHAIRMAN. You have been showing a balance?

Gen. GOETHALS. \$297,000,000. The rest was all expended in the previous fiscal year. We have no balance from the funds allotted to us. The Engineers had an appropriation which covered certain storage facilities, which we did not get, because there was no special appropriation for storage. The Ordnance Department had certain appropriations available when I came here. We took those over. The Quartermaster Department was doing some work at some of these depots.

The CHAIRMAN. Do you recall what amount of money there was that you received from other appropriations in connection with inland and port storage?

Gen. GOETHALS. We did not receive any; certain work was in progress under other appropriations and was completed either under the original appropriation or by additions from those under consideration.

The CHAIRMAN. They have been totally expended, you say?

Gen. GOETHALS. Yes; totally expended.

The CHAIRMAN. You are sure of that?

Gen. GOETHALS. Yes, sir. All we have is the unexpended balance of the deficiency. A part of previous moneys were expended on the port warehouse terminals. We took some of the deficiency appropriation and added to the amount they had on hand in order to complete the work. Norfolk had already been started and there were some funds available for that. Charleston had already been started and there were some funds available for that. Curtis Bay Pigeon Point, and Raritan had already been started, and there was an outstanding obligation for which the Congress was to appropriate money.

The CHAIRMAN. Had Congress authorized contract obligations for Raritan?

Gen. GOETHALS. Yes.

The CHAIRMAN. In what amount?

Gen. GOETHALS. I do not remember, but something in the neighborhood of \$20,000 or \$30,000.

The CHAIRMAN. From your statement it is evident that you expect to complete all of the projects which you have undertaken?

Gen. GOETHALS. Yes, sir; that is what we are contemplating doing.

The CHAIRMAN. Why?

Gen. GOETHALS. Because they are necessary for storage purposes.

CONDITION OF WORK ON PROJECTS.

The CHAIRMAN. To what extent are any of them uncompleted?

Gen. GOETHALS. Boston is not completed, but practically so; South Brooklyn is not completed, but should have been completed by the 1st of January, and might have been if it had not been for labor troubles; Norfolk will be completed in January or February; Charleston, I do not know when that will be completed; New Orleans will depend on whether we can work overtime in the driving of the piles. The New Orleans project is coupled with a contract which authorizes us to sell to the Louisiana port authorities the improvements that we make there at cost to us.

The CHAIRMAN. Does it bind them to buy?

Gen. GOETHALS. Yes; it does bind them to buy.

The CHAIRMAN. You say they are needed?

Gen. GOETHALS. Yes; they are needed.

The CHAIRMAN. What storage facilities will you have on the completion of these various projects?

Gen. GOETHALS. All of these and they are not sufficient to store the stuff that is coming out and that we will have to store.

Summary of all storage space available and under construction, controlled by the Director of Purchase, Storage and Traffic.

	Government-owned.	Government-leased.	Under construction.
	<i>Sq. feet.</i>	<i>Sq. feet.</i>	<i>Sq. feet.</i>
At the seaboard.....	2,470,050	1,834,017	11,830,448
Army reserve depots (interior).....	5,543,218		1,937,000
Supply and storage depots (interior).....	9,473,375	10,062,311	1,330,000
Total.....	17,486,643	11,896,328	13,127,448
Grand total.....			42,500,419
Shed storage at reserve depots (owned).....			1,175,716

¹ Government-owned steel-frame buildings to be erected.

Full details with reference to above summary are contained in statement attached hereto.

Figures given do not include the storage space controlled by the Bureau of Military Aeronautics, which has not been consolidated under the Director of Purchase, Storage, and Traffic, nor do they include storage facilities provided for ammunition and explosives which remain under the control of the Ordnance Department.

In all cases Government-owned storage warehouses are on Government-owned land, or the land is under requisition for purchase, the only exception being at Chicago, where certain temporary warehouses are on leased land, these warehouses to be salvaged as soon as conditions permit.

Supplemental statements showing storage facilities controlled by the Bureau of Military Aeronautics and the Ordnance Department, are attached hereto.

DATA ON GOVERNMENT OWNED AND LEASED BUILDINGS UNDER THE JURISDICTION OF THE DIRECTOR OF PURCHASE, STORAGE AND TRAFFIC.

Summary.

Corps.	Total owned (square feet).	Total leased (square feet).	Grand total (square feet).
Army reserve depots ¹	5,543,218	.....	5,543,218
Corps of Engineers.....	90,412	432,128	522,540
Medical Corps.....	213,687	1,545,916	1,759,603
Ordnance ²	855,000	593,000	1,448,000
Port Storage ³	2,470,050	1,834,017	4,304,067
Quartermaster Corps ⁴	8,050,326	7,156,498	15,206,824
Signal Corps.....	263,950	324,769	588,719
Grand total.....	17,486,643	11,886,328	29,372,971
Military Aeronautics ⁵	2,098,144	765,442	2,863,586

¹ Shed space (Army reserve depot) not included in above (owned), 1,175,716.

² Under construction (Ordnance), not included in above (owned), 320,000.

³ Under construction (port storage), not included in above (owned), 11,850,448.

⁴ Quartermaster, buildings Government owned, land leased (included in above), 2,303,205. Quartermaster, buildings Government owned, land requisitioned (included in above), 665,600.

⁵ Not under control of Director of Purchase, Storage and Traffic.

Army reserve depots. ¹

City.	Heated (square feet).	Unheated (square feet).	Shed (square feet).	Open (square feet).
Schenectady, N. Y.....	438,320	1,583,616	526,116	333,300
Columbus, Ohio.....	482,274	1,462,080	246,400	323,400
New Cumberland, Pa.....	508,132	1,073,796	403,300	.....
Total (net).....	1,423,726	4,119,492	1,175,716	656,700

¹ All Government owned.

SUMMARY.

Total heated space, 3 depots.....	1,423,726
Total unheated space, 3 depots.....	4,119,492
Total shed space, 3 depots.....	1,175,716
Total space.....	6,718,934
Total heated space, unheated space, and shed space, Schenectady.....	2,548,052
Total heated space, unheated space, and shed space, Columbus.....	2,190,754
Total heated space, unheated space, and shed space, New Cumberland....	1,980,128
Total.....	6,718,934

Government owned and leased buildings occupied by the Corps of Engineers.

City.	Total owned (square feet).	Total leased (square feet).	Grand total (square feet).
Zone No. 4: Norfolk, Va.		310,000	310,000
Zone No. 10: San Antonio, Tex.	53,364		53,364
Camp Travis.	2,848		2,848
	56,212		56,212
Zone No. 12: El Paso, Tex. (in process of cancellation)		16,000	
Washington, D. C.— Washington Barracks.	34,200		34,200
Washington Place NE.		21,364	21,364
Eckington Place NE.		21,364	21,364
Fourth and Channing NE.		79,400	79,400
Grand total.	90,412	432,128	522,540

¹ Not included in grand total.*Government owned and leased buildings occupied by the Medical Corps.*

[Figures furnished by Maj. J. A. Wood and are as of Aug. 31, 1918.]

City.	Total owned (square feet).	Total leased (square feet).	Grand total (square feet).
Zone 1: Boston, Mass.	(1)	(1)	(1)
Zone 2: New York, N. Y.		321,064	321,064
Zone 3: Philadelphia, Pa.	147,340		147,340
Zone 4: Baltimore, Md.	(1)	(1)	(1)
Zone 5: Atlanta, Ga.		143,180	143,180
Zone 6: Jeffersonville, Ind.	(1)	(1)	(1)
Louisville, Ky.		39,000	39,000
Zone 7: Chicago, Ill.		267,000	267,000
Zone 8: St. Louis, Mo.	16,347	310,216	326,563
Zone 9: New Orleans, La.	(1)	(1)	(1)
Zone 10: San Antonio, Tex.		74,460	74,460
Zone 11: Omaha, Nebr.	(1)	(1)	(1)
Zone 12: El Paso, Tex.	(1)	(1)	(1)
Zone 13: San Francisco, Cal.		128,196	128,196
Newport News, Va.	50,000		50,000
Washington, D. C.		262,800	262,800
Grand total.	213,687	1,545,916	1,759,603

¹ None.

Government owned and leased buildings occupied by Ordnance Corps.

City.	Total owned.	Total leased.	Grand total.
Zone 1:			
Springfield, Mass.—	<i>Square feet.</i>	<i>Square feet.</i>	<i>Square feet.</i>
385 Liberty Street.....		200,000	200,000
Exposition grounds.....		200,000	200,000
Total.....		400,000	400,000
Zone 2:			
Paterson, N. J.....		87,000	87,000
Troy, N. Y.....		60,000	60,000
Total.....		147,000	147,000
Zone 3:			
Middletown, Pa. ¹	320,000		320,000
Woodbury, Pa.....		46,000	46,000
Total.....	320,000	46,000	366,000
Zone 5: Augusta, Ga.....	118,000		118,000
Zone 7: Rock Island, Ill. ²	417,000		417,000
Grand total.....	855,000	593,000	1,448,000

¹ Portable steel buildings (under construction) owned by the Ordnance Department, funds for erection of which have been requested.

² Authority will be requested to erect an additional storage unit at this point.

Army supply bases for overseas shipments.

Location.	Available storage space leased.	Available storage space owned.	Under construction, owned.
	<i>Square feet.</i>	<i>Square feet.</i>	<i>Square feet.</i>
Boston, Mass.....			1,651,000
Brooklyn, N. Y.....	1,834,017		² 4,123,000
Port Newark, N. J.....		2,199,050	
Philadelphia, Pa.....		¹ 271,000	³ 1,022,448
Norfolk, Va.....			² 2,016,000
Charleston, S. C.....			² 1,526,000
New Orleans, La.....			⁴ 1,512,000
Total.....	1,834,017	2,470,050	11,850,448

¹ Temporary buildings on leased land.

² Land requisitioned, purchase not completed.

³ Original site purchased, additional land purchase not completed.

⁴ One-third of land purchased, balance leased; three warehouses under construction, two of which are to be turned over to Port of New Orleans Commission under contract to purchase.

Army supply bases for overseas shipments—status of construction.

Boston, Mass.—Two-thirds of storage in use; project practically completed.

Brooklyn, N. Y.—One unit partially available January 20, 1919; balance in spring of 1919. Warehouses all under roof.

Philadelphia, Pa.—Driving of piles for piers and bulkheads largely completed; work on superstructure under way.

Norfolk, Va.—Warehouses and one pier practically completed; operation to begin about February 1, 1919.

Charleston, S. C.—Warehouses and portion of wharf completed; balance available in about 90 days.

New Orleans, La.—One warehouse practically completed; foundations for two warehouses and piling for wharf under way.

Port Newark, N. J.—Completed and in operation.

Quartermaster storage space.

City.	Total owned.	Total leased.	Grand total.
Zone 1:	<i>Square feet.</i>	<i>Square feet.</i>	<i>Square feet.</i>
Boston, Mass. ¹	327, 600	580, 495	908, 095
Brockton, Mass.....		26, 682	26, 682
	327, 600	607, 177	934, 777
Zone 2:			
New York City.....		281, 953	281, 953
Albany, N. Y.....		21, 500	21, 500
Brooklyn, N. Y.....		292, 416	292, 416
Hoboken, N. J.....	69, 009	395, 000	464, 009
Long Island City.....		6, 610	6, 610
Governor's Island.....	1, 229, 776		1, 229, 776
Red Bank, N. J. ²	17, 600		17, 600
Troy, N. Y.....		17, 388	17, 388
Utica, N. Y.....		11, 000	11, 000
	1, 316, 385	1, 025, 867	2, 342, 252
Zone 3:			
Philadelphia, Pa.....	376, 000	315, 600	691, 600
Do. ³	725, 000		725, 000
Pittsburgh, Pa.....	216, 960		216, 960
	1, 317, 960	315, 600	1, 633, 560
Zone 4:			
Baltimore, Md. ¹	665, 600	874, 570	1, 540, 170
McLeans Pier (not included in totals).....		69, 120	
Bond Street Wharf (not included in totals).....		10, 500	
Zone 5: Atlanta, Ga.....		1, 147, 117	1, 147, 117
Zone 6:			
Jrffersonville, Ind.....	247, 110		247, 110
Do. ³	687, 479		687, 479
Cleveland, Ohio.....		9, 500	9, 500
	934, 589	9, 500	944, 089
Zone 7:			
Chicago, Ill.....	1, 250, 000	1, 059, 758	2, 309, 758
Do. ³	475, 122		475, 122
Stickney, Ill. ³	278, 004	155, 520	433, 524
Detroit, Mich. ³	120, 000		120, 000
Total.....	2, 123, 126	1, 215, 278	3, 338, 404
Zone 8: St. Louis, Mo.....	564, 391	299, 824	864, 215
Zone 9: New Orleans, La.....		416, 182	416, 182
Zone 10: San Antonio, Tex.....		512, 943	512, 943
Zone 11: Omaha, Nebr.....	115, 407	15, 059	130, 466
Zone 12: El Paso, Tex.....		290, 930	290, 930
Zone 13:			
San Francisco, Cal.....	452, 735	58, 952	511, 687
Los Angeles, Cal.....		66, 000	66, 000
Portland, Oreg.....		43, 420	43, 420
Seattle, Wash.....		75, 458	75, 458
Tacoma, Wash.....		112, 618	112, 618
Total.....	452, 735	356, 448	809, 183
Newport News, Va.....	184, 879		184, 879
Washington, D. C.....		70, 003	70, 003
Fort Myer, Va.....	47, 654		47, 654
Total.....	47, 654	70, 003	117, 657
Grand total.....	8, 050, 326	7, 156, 498	15, 206, 824

¹ Office space (not included in totals), 181,200 square feet.² Buildings owned; land leased.³ Land requisitioned; proceedings pending; buildings owned.

Purchase, storage, and traffic Signal Corps depots.

City.	Total owned.	Total leased.	Grand total.
	<i>Sq. ft.</i>	<i>Sq. ft.</i>	<i>Sq. ft.</i>
Atlanta, Ga.....	88,000	88,000	88,000
Chicago, Ill. ¹	110,000	.....	110,000
Port San Houston.....	84,660	.....	84,660
Port Wood, New York Harbor:			
Warehouse.....	27,954		
Sheds.....	41,836		
	69,790		69,790
Philadelphia, Pa.....	.....	175,000	175,000
San Francisco, Cal.....	.....	61,769	61,769
	263,950	324,769	588,719

¹ Land leased; buildings owned.*Depots under supervision of the Chief Signal Officer.*

City.	Total leased.	Grand total.
	<i>Sq. ft.</i>	<i>Sq. ft.</i>
Warehouse No. 1, New York City, 129-137 West Eighteenth Street.....	45,000	45,000
Washington, D. C.....	12,600	12,600
	57,600	57,600

Division of Military Aeronautics warehouse space.

City.	Total owned.	Total leased.	Grand total.
	<i>Square feet.</i>	<i>Square feet.</i>	<i>Square feet.</i>
Zone 2:			
Buffalo, N. Y.....	100,000	.....	100,000
Garden City, L. I.....	168,000	.....	168,000
Jersey City, N. J. (being abandoned).....	.....	.....	.....
New York, N. Y. (to be abandoned Jan. 10, 1919).....	.....	.....	.....
	268,000	.....	268,000
Zone 3: Middletown, Pa. (land being condemned).....	569,000	.....	569,000
Zone 4:			
Morrison, Va.....	235,200	.....	235,200
Richmond, Va. (land being condemned).....	188,416	.....	188,416
Richmond, Va. (balloon warehouse to be abandoned Dec. 31, 1918).....	.....	.....	.....
	423,616	.....	423,616
Zone 5: Americus, Ga.....	185,000	.....	185,000
Zone 6: Dayton, Ohio (part on leased land).....	285,000	.....	285,000
Zone 7: Detroit, Mich.....	.....	300,000	300,000
Zone 8: Little Rock, Ark.....	185,000	.....	185,000
Zone 10:			
Houston, Tex.....	.....	400,642	400,642
San Antonio, Tex.....	182,528	.....	182,528
	.....	.....	583,170
Zone 13:			
Los Angeles, Cal.....	.....	64,800	64,800
Sacramento, Cal (to be abandoned Dec. 31, 1918).....	.....	.....	.....
Grand total	2,098,144	765,442	2,863,586

Warehouses at camps.

Camp.	Various corps.		Medical Corps.	
	Number of warehouses.	Size.	Number of warehouses.	Size.
Beauregard.....	13	60 by 166.	4	24 by 156.
Bowie.....	12	do.	4	Do.
Bragg.....	.....	do.	4	Do.
Cody.....	11	do.	4	Do.
Custer:				
Insulated.....	1	do.		
Camp exc.....	1	do.		
Others.....	17	do.	5	Do.
Devens.....	17½	do.	4	Do.
Dix.....	21	do.	3	Do.
Dodge:				
Arsenal building.....	1			
Others.....	20	60 by 166.	4	Do.
Eustis:				
Under construction.....	2	do.		
Others.....	6	do.	4	Do.
Fort Sill.....	13	do.	4	Do.
Forrest, under construction.....	1	do.		
	1	40 by 432.		Do.
	1	40 by 600.		Do.
	1	100 by 700.		Do.
	2	60 by 166.		Do.
	1	do.	4	Do.
Fremont.....	11	do.	4	24 by 156. ⁽¹⁾
Funston (basement).....	16	do.	4	Do.
Gordon.....	19	do.	4	Do.
Grant.....	26	do.	4	Do.
Greene.....	10	do.	4	Do.
Hancock:				
Under construction.....	6	do.		
Others.....	11	do.	4	Do.
Humphreys.....	20½	do.	4	Do.
Jackson:				
Oat storage.....	1			
Others.....	21	60 by 166.	4	Do.
North Jackson.....			4	Do.
Johnston:				
Under construction.....	3	60 by 166.		
Others.....	6	do.	4	Do.
Kearny.....	14	do.	1	Do.
Knox:				
Under construction.....	6	do.		
All construction quartermaster.....	4	do.		
Others.....	6	do.	1	Do.
Lee.....	19	do.	1	Do.
Lewis.....	22	do.	4	Do.
Logan.....	15	do.	4	24 by 156.
Meade.....	21	do.	5	Do.
Merritt.....	28	do.	4	⁽²⁾
Mills.....	11	do.	1	60 by 166.
McArthur.....	17	do.	1	24 by 156.
McClellan.....	12	do.	4	Do.
Pike.....	22½	do.	4	Do.
Polk.....	4	do.	4	Do.
Sevier.....	14	do.	4	Do.
Shelby:				
Forage.....	1	do.		
Others.....	13	do.	4	Do.
Sheridan.....	11	do.	4	Do.
Sherman.....	18	do.	3½	Do.
Stuart.....	7½	do.	4	Do.
Taylor.....	21	do.	4	Do.
Travis:				
Forage.....	3	do.		
Others.....	16	do.	4	Do.
Upton.....	18½	do.	4	Do.
Wadsworth.....	15	do.	4	Do.
Wheeler.....	14	do.	4	Do.
Grand total.....	646½		160½	

¹ 1 medical supply depot.² 2 medical supply depots.

Of the above total, 646½, 1 warehouse is 40 by 432; 1 warehouse is 40 by 600; 642½ warehouses, 60 by 166.
 Of the above total, 160½, 1 warehouse is 60 by 166; 156 warehouses, 24 by 156; 3 medical supply depots.
 These figures are as of Dec. 1, 1918, and were submitted by service officers.

Report on space at explosive depots—Operated by Ordnance Department.

Name.	Location.	Leased or Government-owned.	Storage space in magazine.
Benicia ¹	Benicia, Cal.....	Government-owned.....	<i>Square feet.</i> 14,330
Charleston.....	Charleston, S. C.....	do.....	440,940
Curtis Bay.....	Curtis Bay, Ind.....	do.....	832,170
Delaware ¹	Pedricktown, N. J.....	do.....	524,020
Picatinny ¹	Dover, N. J.....	do.....	308,744
Pig Point.....	Pig Point, Va.....	do.....	466,143
Raritan.....	Metuchen, N. J.....	do.....	1,186,686
San Antonio ¹	San Antonio, Tex.....	do.....	8,746
Sandy Hook ²	Sandy Hook, N. J.....	do.....	51,250
Turner Station ³	Turner, Md.....	do.....	54,741
Total.....			3,890,770

¹ Depot located at Ordnance arsenal.² Depot built at Sandy Hook Proving Ground.³ Animal quarantine station, Department of Agriculture.

NOTE.—It is proposed to establish depots on Government reservations at Sparta, Wis., Tobyhanna, Pa., and Fort Wingate, Tex.

MEMORANDUM.

1. From estimated deliveries on contracts, stocks of supplies in transit, and at factories awaiting shipping orders, it is apparent that the present storage facilities under control of the Director of Purchase, Storage, and Traffic are inadequate to provide for the proper protection of Government property which the War Department will have in its possession within the next sixty (60) days.

2. In addition to the supplies of a general character, additional facilities will have to be provided for the storage of ordnance matériel (guns, gun carriages, caissons, ammunition and its components) and motor transportation.

3. These last-named facilities will not be under the control of the Director of Purchase, Storage, and Traffic, although funds for the construction of the warehouses and sheds will constitute a charge against the inland and port storage, and shipping facilities appropriation.

The CHAIRMAN. To what extent are these storage facilities of commercial value?

Gen. GOETHALS. They are all more or less of commercial value, particularly those at the seaboard.

The CHAIRMAN. Do you recall how much money has been spent at the existing depots?

Gen. GOETHALS. In the neighborhood of \$19,470,000.

The CHAIRMAN. Most of that has been of rather a temporary character?

Gen. GOETHALS. No; part of it has been temporary, but the larger part has been more or less permanent.

The CHAIRMAN. Has it not been rather cheap warehouse construction, frame or galvanized iron?

Gen. GOETHALS. Tile and galvanized iron.

The CHAIRMAN. Is it all on Government land?

Gen. GOETHALS. All on Government land.

The CHAIRMAN. In all instances?

Gen. GOETHALS. In all instances.

The CHAIRMAN. Was there not some of the construction at Jeffersonville on leased land?

Gen. GOETHALS. I thought we purchased all of the land. That is my understanding, that we purchased a tract of land adjacent to the old depot.

MEMORANDUM.

1. At the storage depot, Jeffersonville, Ind., certain warehouses were constructed upon leased land.
2. Steps have now been taken to acquire title to this land through requisitioning or condemnation proceedings.
3. Temporary sheds have been erected at Jeffersonville upon leased land, but it is the intention of the War Department to utilize these sheds for a short time only.

The CHAIRMAN. According to your figures, you expect to spend \$6,850,000 in the building of these projects?

Gen. GOETHALS. Yes, sir.

ACCRUED RENTALS, OPERATING EXPENSES, ETC.

(See p. 772.)

The CHAIRMAN. What do you mean by "accrued rentals, operating expenses, miscellaneous,"? What do you mean by "accrued rentals"?

Gen. GOETHALS. This statement is made up as of December 1. rentals already due, and operating expenses in payment of the force in connection with the operation of the warehouses.

The CHAIRMAN. How many of these warehouses are on ground which you are paying rent for?

Gen. GOETHALS. We are renting considerable space in addition to warehouses, all of which comes out of this appropriation.

The CHAIRMAN. "Accrued rentals" means for the rental of warehouse space rather than ground rent?

Gen. GOETHALS. On which any buildings are constructed.

The CHAIRMAN. Is there any ground rent in any instance?

Gen. GOETHALS. Not that I know of since we have gone into permanent construction.

The CHAIRMAN. To what extent have you rented?

Gen. GOETHALS. We are renting storage space in New York, Philadelphia, Baltimore, and other localities.

The CHAIRMAN. Are you doing any building at Baltimore?

Gen. GOETHALS. No; I cut out Baltimore as an expeditionary depot, because of the difficulty of getting a suitable site and the time involved in its construction. We cut out Baltimore and Seattle, both of which we intended to construct originally.

The CHAIRMAN. You say that these buildings when completed will all be needed and will not be adequate?

Gen. GOETHALS. No.

The CHAIRMAN. Has any estimate been made as to the warehousing which will be required?

Gen. GOETHALS. No. It will depend largely on what disposition is made of the stuff overseas. They began to ship the stuff back from overseas and I asked them to hold it back, because we are congested at the ports with stuff which will have to be moved to the interior. When this stuff comes back from abroad we do not know where to put it.

STORAGE.

The CHAIRMAN. Has any comprehensive program been worked out touching the storage?

Gen. GOETHALS. I have not the statement from the various bureaus as to the amount of material which they will have to take under the

various forms of contract and so I can not work out any complete plan until I get the story told by the various bureaus.

The CHAIRMAN. What are you doing now?

Gen. GOETHALS. We are storing the stuff as it comes in the various expeditionary depots where we have space and in the interior depots.

The CHAIRMAN. Are you making use of the storage facilities at the various camps and cantonments?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. The construction which you did there out of other funds was, I presume, of the same character as this construction at the camps generally?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. They were purely temporary frame buildings?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. With the demobilization of the forces at those various camps are you going to release any storage?

Gen. GOETHALS. Some. We keep in that storage supplies of certain kinds. We keep in that storage forage, coal, and things of that kind. As the troops move out we do not get rid of the supplies that are in the storehouses because we are not issuing, and the supplies at the camps left by the troops will have to be stored, so we will not have any spare space there particularly.

The CHAIRMAN. This available balance of \$65,000,000 had been allotted for particular projects that have since been abandoned?

Gen. GOETHALS. A part of it was to be used at Baltimore and a part of it at Seattle, both of which have been abandoned.

The CHAIRMAN. Can you put in the record a statement, along with your statement as to the space, of the cost of the various projects as completed?

Gen. GOETHALS. I will do that.

Estimated amount required to complete projects under construction.... \$6,850,000

This estimate is furnished by the Construction Division and covers the completion of the following projects:

Boston, Mass.: 1,651,000 square feet storage space, estimated cost completed.....	\$28,090,000
Brooklyn, N. Y.: 4,123,000 square feet storage space, estimated cost completed.....	32,500,000
Philadelphia, Pa.: 1,022,448 square feet storage space, estimated cost completed.....	16,478,662
Norfolk, Va.: 2,016,000 square feet storage space, estimated cost completed.....	¹ 29,761,420
Charleston, S. C.: 1,526,000 square feet storage space, estimated cost completed.....	13,025,000
New Orleans, La.: 1,512,000 square feet storage space, estimated cost completed.....	8,593,275

In connection with the warehouses, shipping facilities are to be provided as follows:

Boston, Mass.: Wharf and wharf shed with accommodations for berthing approximately nine ships.

Brooklyn, N. Y.: Four piers (three with pier sheds), providing berthing space for 14 ships.

Philadelphia, Pa.: Three piers with berthing space for 10 ships.

Norfolk, Va.: Two piers with pier sheds, providing berthing space for eight ships.

Charleston, S. C.: Wharf with wharf shed, providing berthing space for six ships.

New Orleans, La.: Wharf with wharf shed, providing berthing space for three ships.

¹ Funds for the Norfolk project previously allotted in the sum of \$22,911,420.24. Additional funds required for completion, as estimated by the Construction Division, \$6,850,000, making total cost \$29,761,420.24.

At Port Newark, N. J., facilities consisting of warehouses and wharf are now practically completed and in operation. The approximate cost of this project is \$14,753,700. Storage space, 2,199,050 square feet.

ARMY SUPPLY BASES FOR OVERSEAS SHIPMENTS—STATUS OF CONSTRUCTION.

Boston, Mass.: Two-thirds of storage in use; project practically completed.

Brooklyn, N. Y.: One unit partially available January 20, 1919, balance in spring of 1919; warehouses all under roof.

Philadelphia, Pa.: Driving of piles for piers and bulkheads largely completed; work on superstructure under way.

Norfolk, Va.: Warehouses and one pier practically completed; operation to begin about February 1, 1919.

Charleston, S. C.: Warehouses and portion of wharf completed; balance available in about 90 days.

New Orleans, La.: One warehouse practically completed; foundations for two warehouses and piling for wharf under way.

Port Newark, N. J.: Completed and in operation.

The CHAIRMAN. You are building on a normal eight-hour basis now, with overtime, holidays, and Sunday work abolished?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. Is that true in every instance?

Gen. GOETHALS. That is true in every instance. I have asked for authority to go beyond the eight-hour basis at New Orleans, because if we can not get the piles driven there now we will not be able to drive them before high water commences.

The CHAIRMAN. You mean authority to go beyond the eight-hour day?

Gen. GOETHALS. Yes, sir; and the port authorities of Louisiana, who are interested in the cost of the project, are anxious to have it done, because they do not care to see the costs pile up on them because of any delay to the work.

The CHAIRMAN. This work is being done through the Construction Division of the Quartermaster Department?

Gen. GOETHALS. Yes, sir; this Construction Division is working under the Division of Operations of the General Staff.

The CHAIRMAN. That is under Gen. Marshall.

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. Are you doing any work in any of the camps now?

Gen. GOETHALS. No, sir; I do not think we are. Gen. Marshall can tell you about that. I do not think we are doing anything other than operating the storehouses.

RENTALS, OPERATING EXPENSES, AND MISCELLANEOUS.

(See p. 770.)

The CHAIRMAN. You have an estimate here of \$3,762,667.33 for rentals, operating expenses, and miscellaneous. How much of it is for rentals, how much for operating expenses, and how much for miscellaneous?

Gen. GOETHALS. I can not tell you how that is divided up. I had but 10 minutes' notice, and did not know what I was to be questioned on. This was gotten up hurriedly.

Accrued rentals, operating expense, and miscellaneous..... \$3,762,667.33

This item is made up largely of the awards for rental and damages, made by the Board of Appraisers of the War Department in connection with the Bush Terminal property at South Brooklyn.

Figures submitted are from the preliminary report of the appraisers under date of August 9, and do not represent the final award, either by the board or the Court of Claims:

Rental of Bush Terminal.....	\$1, 812, 676. 00
Due to dispossessed tenants.....	304, 323. 72
Total award.....	2, 116, 999. 72
Cost of mechanical operating equipment for use in warehouses and on piers (this has been contracted for and is now being delivered; see itemized list below).....	1, 623, 101. 48
Miscellaneous operating expenses unpaid.....	22, 766. 16
	3, 762, 867. 36
Boston, Mass., Army supply base.....	397, 019. 15
Brooklyn, N. Y., Army supply base.....	403, 216. 00
Baltimore, Md., four piers and warehouses.....	40, 218. 00
Columbus, Ohio, Army reserve depot.....	11, 200. 00
Charleston, S. C., Army supply base.....	166, 902. 23
Newport News, Va., four warehouses and piers.....	38, 346. 00
Norfolk, Va., Army supply base.....	267, 568. 00
New Orleans, La., Army supply base.....	18, 280. 00
Philadelphia, Pa.: Army supply base.....	141, 763. 60
Interior depot.....	76, 552. 50
Oldman, N. J., ordnance depot.....	24, 625. 65
Raritan, N. J., ordnance arsenal.....	37, 412. 35
Total.....	1, 623, 101. 48
Estimated rentals, Nov. 1, 1918, to June 30, 1919.....	2, 300, 000. 00
Rental, Bush Terminal, Jan. 1, 1919, to June 30, 1919.....	¹ 906, 338. 00
Additional storage space required pending sale of supplies now coming out of production—3,500,000 square feet, at 40 cents per square foot per annum.....	² 1, 400, 000. 00
Total.....	2, 306, 338. 00

The CHAIRMAN. Are those items of accrued expenses in the way of rentals, operating expenses, and miscellaneous?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. I notice you have an estimate of expenses from November to June 30, or seven months, of \$5,000,000.

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. What is that predicated upon?

Gen. GOETHALS. On the cost of operations based on our actual operating expenses at those various depots, together with the estimated cost of operating the expeditionary depots.

The CHAIRMAN. This includes the operation of those new depots as they come into use?

Gen. GOETHALS. Yes, sir; as well as the operation of those already in use.

The CHAIRMAN. Are you using at those depots civilian forces?

Gen. GOETHALS. Partly civilian and partly military.

The CHAIRMAN. What is going to be the program?

Gen. GOETHALS. I suppose military. I am trying to get my whole division down to a military basis now.

The CHAIRMAN. You are not planning to demobilize your forces?

Gen. GOETHALS. I am planning to demobilize my force right now, but I do not see how we can demobilize the storage people until we get rid of the stuff in the storehouses.

¹ This estimate is based upon the preliminary report of the board of appraisers for the War Department.

² This estimate is based upon anticipated deliveries of Army supplies on contracts as reported by various procurement agencies. The estimate does not include deliveries on contracts where final settlement has not been reached.

The CHAIRMAN. I understand it is a question of policy; and I am expressing no opinion as to what should be the policy, as to whether these depot storehouses shall be run through enlisted personnel or through civilian personnel.

Gen. GOETHALS. That I can not tell you, because I do not know myself. I am pretty much up in the air. My division is a new one, created for the war emergency only, but I have strongly advocated that it be continued as a peace measure. That was authorized the latter part of last month. Then we are taking up the closing out of those contracts, and that has been assigned to my division. We have just been authorized to establish a sales division, and when we go into that we will use these storehouses to sell stuff from. So it is pretty difficult to say what the policy is going to be or what the final outcome is going to be. As matters now stand, as we see the picture, dependent largely upon details to be worked out after we get the data from the various bureaus, our storehouses will be full. In some of them the material will have to be very carefully looked after. If we store airplanes and motors, they must be carefully looked after, or they will only amount to so much junk in a month or two.

LAND.

The CHAIRMAN. General, as to this estimate of \$1,924,000 for land, can you tell us anything about that?

Gen. GOETHALS. No, sir; but I rather imagine it is land that we have arranged to purchase but have not yet concluded the purchase of. I will insert a statement of that in the record.

The CHAIRMAN. I wish you would state what land you contemplate purchasing, what it is for, and why you are buying it.

Gen. GOETHALS. I will do so.

"E"

Estimated cost of land under requisition, \$1,924,000.

This expenditure represents the estimated cost of real estate upon which the various Army supply bases are being constructed.

In accordance with the established policy, all real estate required by the War Department, and owned by private interests, has been requisitioned, the purchase price to be determined by the Army Board of Appraisers.

Inasmuch as the appraisals have not in all instances been completed, the actual cost of the property can not be given.

In the case of the property at Norfolk, Va., the original location was purchased outright before the creation of the Division of Purchase, Storage and Traffic, and the land under requisition for purchase represents additional property required for the complete development.

Detailed estimate covering land under requisition is as follows:

Philadelphia, Pa.:		
Interior depot, 60.7 acres.....	\$151,750.00	
Army supply base, 46.47 acres.....	1,028,881.60	
		\$1,180,631.60
Norfolk, Va.:		
51.16 acres.....	108,000.00	
27.17 acres.....	35,000.00	
Scattering lots.....	7,500.00	
		150,500.00
Charleston, S. C., ordnance explosive depot, Army supply base, 1,650 acres.....		450,000.00
Baltimore, Md., interior depot, 32 acres.....		128,000.00
Atlanta, Ga., interior depot		15,000.00
		1,924,131.60

In addition to the above, a certain tract of land at Middletown, Pa., acreage unknown, will be secured under requisition. It will be necessary to purchase this land, as large warehouses have been constructed upon it by the Ordnance Department. Estimated cost will not exceed \$100,000.

The CHAIRMAN. Now, referring to this estimate for rentals, is that to continue?

Gen. GOETHALS. That is to continue the rented storage space we have.

The CHAIRMAN. Does it involve any additional rentals?

Gen. GOETHALS. No, sir; we are not now contemplating any additional buildings.

The CHAIRMAN. You will be able to tell us fully about that?

Gen. GOETHALS. Yes.

CIVILIAN EMPLOYEES AND MISCELLANEOUS.

The CHAIRMAN. Then you have civilian employees and miscellaneous, \$1,900,000.

Gen. GOETHALS. I will tell you about that in the record.

Estimated expense civilian employees and miscellaneous, \$1,900,000.

Estimate as submitted, as of December 1, 1918, contemplated continuance of the organization of the Division of Purchase, Storage and Traffic, as originally planned.

Subsequent developments permit of a marked reduction in personnel in all branches, with a consequent reduction in financial requirements for the balance of the fiscal year.

On the basis of the new organization, the following estimate of requirements is submitted:

Employees in the field, Dec. 1, 1918, to June 30, 1919:

Inland traffic service.....	\$114, 280. 81
Storage division.....	25, 000. 00
Total in field.....	<u>139, 280. 81</u>

Washington office, Dec. 1, 1918, to June 30, 1919:

Administrative, purchase, storage and traffic.....	150, 436. 16
Inland traffic service.....	75, 676. 16
Embarkation service.....	179, 871. 72
Storage division.....	15, 108. 24
Statistics branch.....	1, 540. 00
External relations branch.....	19, 830. 16
Inspection branch.....	3, 465. 00
Production branch.....	15, 088. 92
Facilities division.....	50, 386. 98
Purchase division.....	29, 296. 68

Total, civilian employees..... 679, 980. 83

Miscellaneous expense, Dec. 1, 1918, to June 30, 1919:

Printing and binding—	
Administrative division.....	\$2, 000. 00
Embarkation service.....	1, 000. 00
Inland traffic service.....	2, 000. 00
	<u>5, 000. 00</u>
Traveling expenses—	
Administrative division.....	4, 000. 00
Embarkation service.....	2, 000. 00
Inland traffic service.....	12, 000. 00
	<u>18, 000. 00</u>

Miscellaneous expense, Dec. 1, 1918, to June 30, 1919—Continued.

Office furniture—

Administrative division	\$809. 06
Embarkation service	1, 200. 00
Inland traffic service	1, 009. 00

Rentals, inland traffic service

Total requirements for civilian employees and miscellaneous

On basis of the above estimate, there will be available for disposition for other purposes the sum of \$1,168,075.17 from the original amount estimated as necessary for civilian employees and miscellaneous expense for the balance of the fiscal year.

In connection with estimate covering civilian personnel, the inland traffic service maintains an organization with a central office in Washington and district offices throughout the country for the purpose of handling all matters pertaining to the movement of Army supplies and troops.

The personnel engaged in this work has already been greatly reduced, and it is anticipated that by June 30, 1919, the organization will be practically disbanded.

The personnel of the Storage Division is undergoing a rapid reduction, the expense for the balance of the fiscal year being confined, in the field, to the operating expenses of the port storage facilities and in the preparation of final engineering reports on various storage projects undertaken by the division.

In Washington the personnel is confined to clerical and stenographic assistants.

The Embarkation Service, Washington office, is in charge of all ocean shipping for the War Department. The personnel employed is represented largely by clerical and stenographic assistants, with a few civilians experienced in the handling of ocean steamship business.

The activities of the Embarkation Service will diminish rapidly with the reduction of the overseas forces.

The Embarkation Service is also charged with the operation of Army transport employed in the carrying of troops.

The external relations branch conducts all negotiations between the office of the Director of Purchase, Storage and Traffic, and the representatives of the foreign Government. With the termination of purchases for the various foreign commissions, and the settlement of outstanding contracts, the activities of this branch will gradually be eliminated.

Purchase, production and inspection branches, pending settlement of procurement contracts, will be obliged to retain a certain portion of their personnel who are familiar with the various contracts to be terminated.

The personnel employed in the purchase, production and inspection branches is largely clerical and stenographic, but includes certain specialists whose services were retained for the purpose of supervising the purchase of the various commodities.

The facilities division is charged with the responsibility of the purchase and lease of all real estate and facilities required for the use of the War Department. The activities of this division must of necessity continue until properties at present under lease are returned to their owners, or various facilities purchased by the Government are disposed of by sale.

Aside from a few men experienced in the valuation of real estate and building, the personnel is confined to clerks and stenographers.

EQUIPMENT OF BUILDINGS.

The CHAIRMAN. General, have you contracted for all of the equipment for these buildings?

Gen. GOETHALS. Practically.

The CHAIRMAN. Have you considered the possibility of obtaining any of this equipment from property already owned by the Government, and which will not be of value to it otherwise?

Gen. GOETHALS. We have taken over quite a considerable amount of material from the engineers for those buildings.

The CHAIRMAN. Of what character?

Gen. GOETHALS. Cranes, winches, etc.

The CHAIRMAN. Have you made an effort to see whether there is any other material that was available so as to make unnecessary, and, therefore, undesirable, the carrying out of contracts?

Gen. GOETHALS. We are doing that now.

The CHAIRMAN. Your contracts in connection with this work are as to be cancelable?

Gen. GOETHALS. Yes, sir; and we are doing that now. The material that we have taken from the Engineer Department is material that could not be used in France, and some of the material we shipped over could not be used now.

The CHAIRMAN. What are you doing as to the cost of that material? Are you buying the material?

Gen. GOETHALS. We are taking that into account. That is done as a transfer of appropriations.

The CHAIRMAN. So that, while they get credit, it does not show as a credit with you?

Gen. GOETHALS. No, sir; it does not show here.

SOUTH BROOKLYN PROJECT.

The CHAIRMAN. One of your biggest projects was at New York or Brooklyn?

Gen. GOETHALS. In South Brooklyn.

The CHAIRMAN. Did you not contemplate taking over some facilities there?

Gen. GOETHALS. Yes, sir; but we concluded not to do it.

The CHAIRMAN. That has been abandoned?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. Entirely?

Gen. GOETHALS. Yes, sir; entirely, and we will not purchase them.

The CHAIRMAN. The obligations, if any existed, are extinguished?

Gen. GOETHALS. No, sir; we are still running the Bush Terminals. We can not get rid of them until we get rid of the docks and get our own storage facilities.

The CHAIRMAN. You do not have any obligation to buy them?

Gen. GOETHALS. We had an option only, and we have notified the owners that we would not buy. We were to notify them within a certain time, and before the expiration of that time we notified them that we would not buy.

The CHAIRMAN. Do the facilities you are building in South Brooklyn adjoin the Navy's?

Gen. GOETHALS. No, sir; the Bush Terminals come in between the Navy's and our facilities.

The CHAIRMAN. What is the distance?

Gen. GOETHALS. About four or five blocks. We had arranged with the Navy to let them have a part of the South Brooklyn storage in case the war continued, with an increase in the military program.

The CHAIRMAN. There were some large ordnance storage facilities in the New York Harbor?

Gen. GOETHALS. Yes, sir; at Raritan.

The CHAIRMAN. Are you going to maintain them?

Gen. GOETHALS. I do not think we will. I think we will have to get rid of them.

The CHAIRMAN. Are you doing any work on them?

Miscellaneous expense, Dec. 1, 1918, to June 30, 1919—Continued.**Office furniture—**

Administrative division	\$300. 00	
Embarkation service	1, 200. 00	
Inland traffic service	1, 000. 00	
		\$3, 000. 00
Rentals, inland traffic service		25, 944. 00
		51, 944. 00

Total requirements for civilian employees and miscellaneous.... 731, 924. 83

On basis of the above estimate, there will be available for disposition for other purposes the sum of \$1,168,075.17 from the original amount estimated as necessary for civilian employees and miscellaneous expense for the balance of the fiscal year.

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Gen. GOETHALS. We are doing that now.

The CHAIRMAN. Your contracts in connection with this work are such as to be cancelable?

Gen. GOETHALS. Yes, sir; and we are doing that now. The material that we have taken from the Engineer Department is material that could not be used in France, and some of the material we shipped over can not be used now.

The CHAIRMAN. What are you doing as to the cost of that material? Are you buying the material?

Gen. GOETHALS. We are taking that into account. That is done by a transfer of appropriations.

The CHAIRMAN. So that, while they get credit, it does not show as a credit with you?

Gen. GOETHALS. No, sir; it does not show here.

SOUTH BROOKLYN PROJECT.

The CHAIRMAN. One of your biggest projects was at New York or Brooklyn?

Gen. GOETHALS. In South Brooklyn.

The CHAIRMAN. Did you not contemplate taking over some facilities there?

Gen. GOETHALS. Yes, sir; but we concluded not to do it.

The CHAIRMAN. That has been abandoned?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. Entirely?

Gen. GOETHALS. Yes, sir; entirely, and we will not purchase them.

The CHAIRMAN. The obligations, if any existed, are extinguished?

Gen. GOETHALS. No, sir; we are still running the Bush Terminals. We can not get rid of them until we get rid of the docks and get our own storage facilities.

The CHAIRMAN. You do not have any obligation to buy them?

Gen. GOETHALS. We had an option only, and we have notified the owners that we would not buy. We were to notify them within a certain time, and before the expiration of that time we notified them that we would not buy.

The CHAIRMAN. Do the facilities you are building in South Brooklyn adjoin the Navy's?

Gen. GOETHALS. No, sir; the Bush Terminals come in between the Navy's and our facilities.

The CHAIRMAN. What is the distance?

Gen. GOETHALS. About four or five blocks. We had arranged with the Navy to let them have a part of the South Brooklyn storage in case the war continued, with an increase in the military program.

The CHAIRMAN. There were some large ordnance storage facilities in the New York Harbor?

Gen. GOETHALS. Yes, sir; at Raritan.

The CHAIRMAN. Are you going to maintain them?

Gen. GOETHALS. I do not think we will. I think we will have to get rid of them.

The CHAIRMAN. Are you doing any work on them?

Gen. GOETHALS. No, sir; they are completed. Then there was a loading plant at Morgan, and we had nothing to do with that, either. That was an Ordnance scheme entirely. We have stopped all construction on that. That is where the explosion was. They contemplated rebuilding, but that was stopped with the signing of the armistice.

AMOUNT TO BE TURNED BACK INTO THE TREASURY.

The CHAIRMAN. The only amount of money you are prepared to return is this sum of \$65,026,000?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. How do you want that to come? From one or the other of the acts?

Gen. GOETHALS. We have unexpended from one appropriation only \$1,000,000, but we have a balance in the other one of \$85,000,000. Take it from the last act.

The CHAIRMAN. Are they interchangeable?

Gen. GOETHALS. Yes, sir. Both are usable until expended.

The CHAIRMAN. Are they available for the same purposes?

Gen. GOETHALS. Yes, sir; available for the same purposes.

The CHAIRMAN. So that, if we recovered this money from the Army appropriation—

Gen. GOETHALS (interposing). It will be all right.

The CHAIRMAN. Are you sure about that?

Gen. GOETHALS. Yes, sir; because that leaves us \$20,000,000 to take care of our obligations for the balance of this fiscal year.

SCOPE AND FUNCTIONS OF DIVISION OF PURCHASE, STORAGE, AND TRAFFIC.

The CHAIRMAN. General, just what are the scope and functions of the division of which you are now the head? You are the head of the Division of Purchase, Storage, and Traffic?

Gen. GOETHALS. Yes, sir. The division of which I have charge is a consolidation of two divisions that previously existed. When I came here as Quartermaster General, I found the Quartermaster Department a purchasing organization pure and simple. Barracks and quarters had been divorced from it, as has also embarkation, but it still retained railroad traffic. There was congestion at the ports. I was familiar with the New York situation, because I was in civil life connected with the commission that had charge of New York Harbor work. The congestion at the ports was due to the fact that there were no storage facilities. There was in existence a board or committee of the National Council of Defense looking after storage projects, and the necessity for storage and traffic facilities for the Government led to the organization of the Traffic and Storage Division under the General Staff.

The Quartermaster Department, together with other bureaus of the War Department, was buying certain commodities. Clothing, for instance, was being purchased by the Quartermaster Department, the Signal Corps, and the Medical Corps, and the Ordnance Department was buying blankets. I called the attention of the Chief of Staff to the fact that we were all mixed up in our purchasing and that

the various bureaus were purchasing in competition with each other, and that led to the organization of another section called Purchase and Supplies. The embarkation service was made a part of the Traffic Division or section, so that one branch of the War Department service controlled the movement of freight and the storage of freight from its origin right through to overseas, but it had nothing whatever to do with supplies or their purchase. In May of last year a reorganization was effected in which was created the Division of Purchase, Storage, and Traffic, that had to do with the purchasing, with the shipment, and with the storage of supplies. The ultimate result was the consolidation of the various purchasing agencies, so that to the Division of Purchase, Storage, and Traffic there was assigned the purchase of commodities, excluding from its jurisdiction, however, anything that required special design, construction, or production. That in a nutshell is the situation.

The CHAIRMAN. That excluded ordnance?

Gen. GOETHALS. That excluded ordnance and aircraft.

The CHAIRMAN. Did it include engineering material?

Gen. GOETHALS. It excluded such engineering material as required special design, and by an arrangement with the Chief of Engineers it excluded railroad equipment, cranes, and things of that kind, but that was to be subsequently absorbed.

The CHAIRMAN. What recently, since the signing of the armistice, has been turned over to the jurisdiction of your division?

Gen. GOETHALS. We had turned over to the jurisdiction of that division some time before the signing of the armistice the supervision of contracts for the War Department, so as to get them on the same basis. There was created a board of contract review, so that all contracts drawn up by the various bureaus would be standardized. That was undertaken before the armistice was signed, and since the signing of the armistice the board of contract adjustments was organized, so as to close out contracts and be the board of final appeal in the War Department on all questions arising between the War Department and contractors.

The CHAIRMAN. So far as the standardization of contracts is concerned, you did not go very far?

Gen. GOETHALS. No, sir. That order came out the latter part of September, or the 1st of October.

The CHAIRMAN. Have you control over contracts now for supplies, or over orders that may be entered into?

Gen. GOETHALS. Yes, sir. All standard supplies we get go right through our division, and we draw the contracts for them.

The CHAIRMAN. That is, anything except that which would require special design, that might have to be procured now would be procured through you?

Gen. GOETHALS. Yes, sir; it would be procured through me.

The CHAIRMAN. In point of fact, are you procuring anything?

Gen. GOETHALS. No, sir.

The CHAIRMAN. Is that literally true?

Gen. GOETHALS. That is literally true.

The CHAIRMAN. You are making no contracts for additional supplies for anything that falls in your division?

Gen. GOETHALS. No, sir; nothing but food supplies. That is all.

BOARD FOR REVIEW OF CONTRACTS—PERSONNEL.

The CHAIRMAN. Now, you created a board for the review of contracts?

Gen. GOETHALS. For contract adjustments. There have been set up by the various bureaus contract-reviewing boards. The whole scheme of contract closing up consists of the contract officer endeavoring to arrange with the contractor for a settlement. If that is reached, it is then referred to the chief of the bureau who acts on it through his board of review. If an agreement is not reached, then the board of review of the bureau takes hold of it and sees if it can make an adjustment. If it can make an adjustment that settles the matter, and it does not come to me except for final review. In case of disagreement between the contractor and the bureau's board of review, it then goes through this Board of Contract Adjustment, the action of which, so far as the War Department is concerned, is final.

The CHAIRMAN. As I understand you, if a final agreement is reached, it does not come to you for approval or disapproval?

Gen. GOETHALS. A recent order of the War Department requires that it shall come to this board for final adjustment or for final approval. That is recent.

The CHAIRMAN. How recent?

Gen. GOETHALS. Within the last week.

The CHAIRMAN. As the matter now stands, no adjustment of contracts can be finally made until it is passed by the Board of Contract adjustment?

Gen. GOETHALS. Yes.

The CHAIRMAN. Which is a part of your division?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. Who compose that board?

Gen. GOETHALS. There are three lieutenant colonels; Christopher B. Garnett, Herbert H. Lehman, and Edward S. Malone. They were practically selected by the Secretary of War, that is, their names were submitted to him for his approval.

The CHAIRMAN. Have you any power of review over that board?

Gen. GOETHALS. I suppose I could have if I insisted upon it, but I would not undertake anything of that kind.

The CHAIRMAN. In point of fact, as the head of your division you do not function on it at all?

Gen. GOETHALS. No, sir. There is a member of the Judge Advocate General's Department also a member of the board, but he merely gives them legal advice.

The CHAIRMAN. What has been done looking to a determination of how far the Government desires, irrespective of its ability, to avoid or to carry out contracts in whole or in part? In other words, in many instances, perhaps in most instances, your contracts call for material in infinitely greater quantity than the Government will have any need for, and in such cases it is a question of what you can avoid taking.

Gen. GOETHALS. Yes.

The CHAIRMAN. But there are some instances in which there may be, on the part of some, a desire to carry out a contract because of a Government need?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. What has been done to function on that phase of the matter?

Gen. GOETHALS. The General Staff has practically fixed the force that we would have to provide for at 500,000 men, and a reserve for another 500,000 men, and that is the basis upon which we are functioning.

The CHAIRMAN. Have they worked that out with any detail?

Gen. GOETHALS. No; that is a general statement and it has been passed around to the various supply bureaus.

The CHAIRMAN. What do you mean by a reserve for another 500,000 men? Do you mean a reserve of all character of materials?

Gen. GOETHALS. Practically so; yes. I do not care to quote the policy of the General Staff, because I do not know it, but in discussing the matter with Gen. March, he stated that we expected to have an Army of 500,000 men, so that we would have to provide for their complete equipment, and that would probably take up universal training, in which case we would have to provide equipment for practically another 500,000 men. So that instructions have been issued covering the equipment for 500,000 men and then a reserve of 100 per cent.

The CHAIRMAN. Touching quartermaster's supplies?

Gen. GOETHALS. Yes; and we have more than we could use even under those circumstances.

The CHAIRMAN. Is it proposed to have a reserve of clothing?

Gen. GOETHALS. We have that already.

The CHAIRMAN. Is it proposed to keep it?

Gen. GOETHALS. No; we are trying to sell it. We are trying to make arrangements with the Russian corporation to buy most of our clothing and we will sell off our reserve stock. We have clothing enough for an Army of about two or three million men.

The CHAIRMAN. So that the best you can do you will still have left more than this program calls for?

Gen. GOETHALS. Exactly. And the same is true of underwear, shoes, and things of that sort. In the Quartermaster Department, as I stated awhile ago, we have established this sales section, which is to take charge of the sales of all surplus material, and that will be one of the first things they will have to tackle—this surplus equipment of quartermaster supplies.

The CHAIRMAN. The Quartermaster Department still exists?

Gen. GOETHALS. Yes; as a part of my organization.

The CHAIRMAN. Is it a part of the Division of Purchase, Storage, and Traffic?

Gen. GOETHALS. Yes. All that remains of the original Quartermaster Department now is cemeteries and bakeries; the rest of it is absorbed in purchase, storage, and traffic.

ORGANIZATION AND PERSONNEL OF SUBDIVISIONS.

The CHAIRMAN. General, perhaps it might be advisable to place in the record a statement of the organization now existing in the division of which you are the head, with the duties pertaining to the various subdivisions, and the present personnel at the head of those subdivisions.

Gen. GOETHALS. The various commodities sections of the several bureaus were transferred and coordinated under a director of purchase, Brig. Gen. W. H. Rose, whom I took over from the Engineers. It is the duty of that subdivision to make all purchases required in accordance with the requirements set forth by the General Staff. These supplies are handled into storage, which is under a director of storage, Col. F. B. Wells. These two are consolidated under Gen. R. E. Wood, who is the director of purchase and storage.

Gen. Wood reports directly to me; Col. Wells reports directly to me in all matters relating to the establishment of new storage facilities under the special appropriation made by Congress. In addition to these we have a Division of Inland Traffic, which handles the movement of all troops within the United States and the shipments of all cargoes from the factories to the storehouses, and from the storehouses to the seaboard; the head of the Inland Traffic Division is Mr. H. M. Adams, and I secured him from the Railroad Administration. In addition to that we have an Embarkation Service, which looks after the shipment of all the men overseas from the embarkation camps in the vicinity of New York and Newport News. The Embarkation Service is under the direction of Gen. Frank T. Hines. At the various ports, in connection with the storage, there is a local port storage officer, reporting directly to the Director of Storage; he handles all cargo stuffs from the storehouses to the ships or the docks, where they are taken by the Shipping Control Committee, consisting of P. A. S. Franklin, W. H. Raymond, and Sir Connop Guthrie, who load the stuff aboard ships. They also secure the steamers for carrying the supplies. In addition to that there is a Division of Finance, and under recent orders all the appropriations for the various bureaus, with the exception of Aircraft and Chemical Warfare and Military Aeronautics, were consolidated under one head, in charge of Gen. Lord, as Director of Finance. Yesterday there was authorized the creation of a Division of Sales, to be under the head of a director of sales, but this officer I have not yet selected. That is the general organization of the division.

The CHAIRMAN. In connection with supplies and contracts for them, there are a great many supplies that had been contracted for and more or less procured by the various corps of the Army prior to this consolidation?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. When it comes to the cancellation of those contracts, does your division initiate the steps looking to such cancellation or modification, or does it go back to the corps that were responsible for the contracts and purchases in the first instance?

Gen. GOETHALS. If we have taken over any portion of a bureau's organization that brings to us the contracts for the material formerly purchased by that bureau and we close out those contracts. In the Engineer Department, for instance, we have taken over certain of their purchases, and we also took over at the same time the contracts that had been made by the Engineer Department prior to the date of the transfer. So that it is up to us to close out those contracts.

The CHAIRMAN. As I understood you previously, you took over everything that did not require a special design?

Gen. GOETHALS. Except that in the case of the Engineers we did not take over the locomotives, the cranes, rails, cars, and things of

that kind, which I left with Col. Felton temporarily, but with the ultimate intention of taking them over.

The CHAIRMAN. Has that been an accomplished fact—the taking over of all these matters except those you have mentioned?

Gen. GOETHALS. It is an accomplished fact with the exception of aircraft; we did not take that over, but that was contemplated as soon as I could induce Mr. Ryan that that was the proper thing to do; but the armistice came and I did not take it up further with him.

The CHAIRMAN. So that the cancellation of contracts, except those involving any special design, is a matter that rests with you and those in your division?

Gen. GOETHALS. Yes; also excepting the railroad equipment, which is still being purchased by the Engineers.

The CHAIRMAN. That, however, excludes from your jurisdiction practically the greater portion of the Ordnance contracts?

Gen. GOETHALS. We have a supervision of the work of purchases that we do not take over, so that we supervise the closing out of Ordnance contracts.

The CHAIRMAN. You do that through the agency of the Board of Contract Adjustment?

Gen. GOETHALS. Yes, sir.

The CHAIRMAN. But you do not initiate those matters in connection with most of the Ordnance matters?

Gen. GOETHALS. No.

The CHAIRMAN. You both initiate and finish the adjustment of contracts as to all those things which do not require a special design, with the addition of the one exception mentioned in connection with the Engineers in regard to railway equipment, etc.?

Gen. GOETHALS. Yes.

The CHAIRMAN. And then as to the others, under a recent order final approval must be given by this Board of Contract Adjustment of complete settlements and the actual determination of those contract adjustments where a tentative adjustment has been reached by the various corps?

Gen. GOETHALS. Yes, sir.

ENGINEER DEPOT AT HOBOKEN.

The CHAIRMAN. General, in connection with the testimony of the Engineer Corps touching their need for the balance of the fiscal year it was stated that for the operation of the Engineer depot at Hoboken there was needed for the six months remaining of the fiscal year \$1,200,000, and that for office expense, machinery, and engineering material chargeable to their appropriation there was an expense of \$77,500. My understanding from the Engineers was that while these services were paid out of their appropriation, and therefore if they had to be incurred were properly presented in connection with their estimates, that the real management of these warehouses was under the Division of Purchase, Storage and Traffic, and that your division would be able to explain the need. I notice in connection with your statement touching the moneys for creating port and inland facilities an estimate of \$5,000,000 for operating expenses. I would like to know whether that covers these items?

Gen. GOETHALS. I can not tell you.

The CHAIRMAN. Or whether it is exclusive of them?
Gen. GOETHALS. I will insert that in the record.

MEMORANDUM.

Estimate operating expenses, Nov. 1, 1918, to June 30, 1919.....	\$5,000,000
This estimate is based upon past experience as to operating cost per square foot of warehouse space, and covers a period from Nov. 1, 1918, to June 30, 1919, for completed projects, and from estimated date of completion to June 30, 1919, for projects under construction.	
Boston, Mass: Army supply base, Dec. 1, 1918, to June 30, 1919.....	300,000
Port of New York:	
Bush Terminal, Nov. 1, 1918, to June 30, 1919.....	600,000
Port Newark Terminal, Nov. 1, 1918, to June 30, 1919.....	700,000
Brooklyn, N. Y.: Army supply base, Mar. 1, 1919, to June 30, 1919.....	500,000
Philadelphia, Pa.: Army supply base, Apr. 1, 1919, to June 30, 1919.....	150,000
Norfolk, Va.: Army supply base, Feb. 1, 1919, to June 30, 1919.....	500,000
Charleston, S. C.: Army supply base, Feb. 1, 1919, to June 30, 1919.....	300,000
New Orleans, La.: Army supply base, Apr. 1, 1919, to June 30, 1919.....	250,000
Columbus, Ohio: Army reserve depot, Nov. 1, 1918, to June 30, 1919.....	590,000
New Cumberland, Pa.: Army reserve depot, Nov. 1, 1918, to June 30, 1919.....	520,000
South Schenectady, N. Y.: Army reserve depot, Nov. 1, 1918, to June 30, 1919.....	950,000
Total.....	5,360,000

While the above estimate is based upon past experience, it must be considered in the light of a rough approximation, inasmuch as the cost of operation, based upon the present scale of civilian labor would doubtless show a material increase over operating costs in the past, when enlisted personnel has been used to a great extent.

Attention is invited to the fact that the above estimate provides only for the operating expense of those facilities which have been provided for out of the inland and port, storage and shipping facilities appropriations.

It is the understanding of the Director of Storage that funds for the operating expense of the facilities previously controlled by the several bureaus and departments of the Army were transferred to the Director of Finance, coincident with the transfer of the depots to the Director of Purchase, Storage and Traffic, and that these funds will be available for the balance of the fiscal year 1918-19.

FRIDAY, JANUARY 10, 1919.

WAR DEPARTMENT.

STATEMENTS OF BRIG. GEN. H. M. LORD, DIRECTOR OF FINANCE; MR. JOHN C. SCOFIELD, ASSISTANT AND CHIEF CLERK; MAJ. GEN. P. C. HORNE, THE ADJUTANT GENERAL; MR. THOMAS A. O'BRIEN, CHIEF CLERK; MAJ. H. R. LEMLY; MR. WALTER W. WARWICK, COMPTROLLER OF THE TREASURY, AND MR. JAMES L. BAITY, AUDITOR FOR WAR DEPARTMENT.

ADDITIONAL EMPLOYEES.

The CHAIRMAN. General, there seems to be in process of submission to Congress some deficiency estimates, first, in connection with additional employees in the War Department, \$6,000,000.

Gen. LORD. Yes, sir.

The CHAIRMAN. You have had for this year for such temporary employees \$10,277,250, and you asked for next year \$5,940,570. The committee has just reported a bill carrying a less sum than that, \$4,000,000, as a result of your hearings. Now, you are asking for \$6,000,000 for the balance of this fiscal year.

Gen. LORD. Yes, sir.

The CHAIRMAN. What is the explanation?

Gen. LORD. The balance of the appropriation of \$10,000,000, plus, is sufficient to pay our temporary employees up to and including January 15, with an insufficient balance remaining to make the payments, on the basis of the present strength, for January 31, 1919. The conditions of work in the War Department have not appreciably changed, and it is very evident that there will be a very slow and gradual reduction of force during the balance of the present fiscal year.

The CHAIRMAN. This would imply that you are proposing to have an expenditure this year of \$16,250,000.

Gen. LORD. Yes, sir.

The CHAIRMAN. Whereas all you ask for next year is a little under \$6,000,000.

Gen. LORD. Yes, sir.

The CHAIRMAN. There is such a disparity between those figures as to make one wonder whether your estimate for next year is simply a prelude to a large deficiency or whether this year's deficiency estimate is very extravagant.

Gen. LORD. The original estimate submitted for 1920 was very much larger than the \$5,000,000 which the Secretary of War approved and authorized us to ask Congress for. I do not think that the amount we originally asked for 1920, as we view the situation to-day, will be adequate for our necessary expenses for 1920. The estimate of \$6,000,000, that we are asking for now, is considerably less than the total of the estimates submitted by the various bureaus. When it was found it would be necessary to call for a deficiency the various bureaus were requested to submit a statement of their needs, the amount of personnel, and the amount of money that it would take to pay them. Their total approximated \$9,000,000 for the balance of this fiscal year, but the Secretary of War approved \$6,000,000 as the amount that he would authorize us to ask for. The various bureaus only know that the amount that they must get within, under the Secretary's approval, must not be in excess of \$6,000,000.

NUMBER OF EMPLOYEES.

The CHAIRMAN. You have submitted a table in connection with your next year's estimates which shows that you contemplated a total number of employees of 4,977.

Gen. LORD. Yes, sir.

The CHAIRMAN. I have here a table that purports to show, as of the 1st of December, the number of employees that you have in the department.

Gen. LORD. Then on the pay roll.

The CHAIRMAN. Which is 17,156.

Gen. LORD. Yes, sir.

The CHAIRMAN. If you are going to get down by July, to anything like 5,000 employees, you are not going to need anything like \$6,000,000 to run you for five and a half months.

ADDITIONAL EMPLOYEES FOR OFFICE OF THE ADJUTANT GENERAL.

(See p. 791.)

Gen. LORD. As an illustration of the condition that exists—and The Adjutant General of the Army can best explain it—The Adjutant General must have at once a very large increase over the present force he has, I think something like 1,000 additional employees. I do not see any prospect in the office of The Adjutant General, from what I know of the situation and the condition of the work and the demands that will be made upon that department, of a reduction in his force during the current fiscal year, but in the other bureaus we are counting on something of a decrease. This additional call of 1,000 men for his office has just been brought to my attention by a memorandum from the War Department.

The CHAIRMAN. Next year The Adjutant General's office figures on a total number of 2,470 men, while now they have 2,690 men.

Gen LORD. The table that you have there is purely arbitrary and is a sort of a guide for the committee as to the money we pay in the various grades and was cut down on the ratio of the original submit, which was considerably more than the amount called for there.

The CHAIRMAN. Still that does not get away from the broad situation that is confronting us, that for next year the total of the amount that you estimate for is a little short of \$6,000,000 and that for five and a half months of this year you are estimating for \$6,000,000, or on the basis of twice the force of next year.

Gen. LORD. As I stated, I think the amount for next year is utterly inadequate, but it is all we were authorized to ask for.

The CHAIRMAN. Evidently somebody in authority considered it was adequate and the committee that heard the arguments thought that it was so sufficiently adequate that they have just reported \$4,000,000 for next year.

Gen. LORD. That does not change the situation. It rather indicates that we must have made a very poor presentation of our case. I doubt very much whether the amount we are asking for here will carry us through this year as conditions exist. One thing that has not been given full consideration in the submit for 1920 is that we had expected all through this time to be able to hold these enlisted men, many of them filling places in the War Department, but they are going out very rapidly, and before many months I think they will be entirely out from the War Department. We had been counting on them as being a force that we could depend upon to help us during this emergency. I can only speak particularly of my office and we have got to have additional force, because our work has increased one-third since the signing of the armistice.

The CHAIRMAN. But your work has increased one-third presumably because the work of a great many other departments has decreased one-third and more.

Gen. LORD. That may be true. The character of our work is that of closing up the war accounts and for the time being it is a great deal more strenuous than the continuation of the regular work.

AMOUNT OF MONTHLY PAY ROLL.

The CHAIRMAN. What is the cost of your pay roll per month now? You have 17,156 employees.

Gen. LORD. The pay roll for November was \$1,476,502.22. We have not been able to get the pay roll for December, but with the Ordnance pay roll it was \$1,575,007.96 for December. The peak was reached in the month of September, when the amount of the pay roll was \$1,591,276.18; the pay roll for the month of October was \$1,544,028.64, which shows, since the beginning of October, a gradual reduction down to the payment for December, which was \$1,575,007.96.

The CHAIRMAN. Even if it were only \$1,000,000 you would only want \$5,500,000 for the balance of this year, not counting the balance you will have on the 15th of January.

Gen. LORD. The additional call from the office of The Adjutant General of 1,000 additional employees for the balance of the year means an expenditure for the balance of the year of something approximating \$700,000.

The CHAIRMAN. If you were going to pay the 1,000 employees at an annual rate of \$1,200, which is above what your average ought to be, it would only be \$600,000 for six months; it would be \$100 per clerk.

Mr. SCOFIELD. It is a little less than that; it would be \$100,000 at that rate.

The CHAIRMAN. And that would be \$600,000.

Mr. SCOFIELD. Yes; for six months.

The CHAIRMAN. It would be \$550,000 for five and a half months for the 1,000 additional clerks.

Gen. LORD. We figured that the average under that expenditure was something more than \$1,300 per clerk rather than \$1,200.

REDUCTION IN NUMBER OF CLERKS.

(See p. 796.)

The CHAIRMAN. It ought not to be anything like that, but it ought to be under \$1,200. Are you not figuring some reductions in the number of clerks in other bureaus?

Gen. LORD. There has been the reduction that is shown in that descending scale I gave in the amount of the pay roll, but, as I said, these 1,000 clerks, and some other additional activities that are developing, would indicate that there will be an increase from now on in the number of clerks necessary to carry on this work. There has been no great reduction in the War Department employees up to the present time.

The CHAIRMAN. That evidently is a fact, but it does not follow that there should not be, General.

Gen. LORD. There are going out—how many I do not know—from the War Department offices very many of these enlisted men and the reduction is being made there, which does not count in the number of clerks reduced, but it is an absolute reduction in the help we have.

The CHAIRMAN. How many enlisted men did you have?

Gen. LORD. That I do not know. We had in my particular office some 50 or 60 of these enlisted men, all of whom we have lost with the exception of 1 or 2 on special work, who have been willing to stay.

Mr. Sisson. Were these enlisted men paid out of a different fund?

Gen. LORD. They were paid out of the "Pay of the Army." As to the other bureaus, I do not know, but that same complaint has been made.

The CHAIRMAN. That complaint will always be made, General. There will never be a reduction in the force of the Army until it is forced by a lack of money.

Gen. LORD. I do not think that is necessarily so. I have not seen where there has been much let up in the work with us. We are trying to get clerks from another part of our office, Purchase, Storage and Traffic, and clerks from other branches; I have tried to get them for my work, where they are absolutely needed. There has been a real reduction, as shown by this chart, from August down to the 1st of January.

The CHAIRMAN. What reason is there to assume that it will not continue, except in certain special bureaus? What bureaus, outside of The Adjutant General's office and your own, should need to continue even at their present force?

Gen. LORD. The original estimate submitted by Ordnance called for \$2,121,340, and when we were limited to the \$6,000,000 by the Secretary of War I arbitrarily cut their estimate to \$1,500,000. Now, I take it that their activity will be with reference to the termination of contracts, in which they are most heavily involved.

The CHAIRMAN. There is to be a very large reduction in the number of their officers?

Gen. LORD. Yes, sir; I understand that they are going to let out many of their commissioned force.

The CHAIRMAN. Nearly every one of those dispenses with the need of a lot of clerks.

Gen. LORD. But I understand, also, that they are letting out a great many enlisted men. In addition to the regular force paid out of this appropriation they have had a very large force of enlisted men who have been doing clerical work, and they might reduce 1,000 personnel through the War Department and not affect the additional employees' roll at all.

The CHAIRMAN. Oh, yes. The need of a good many stenographers grew out of various officers insisting on having stenographers whether they had anything for them to do or not.

Gen. LORD. Mr. Scofield might possibly tell you something more of the general situation in the War Department.

Mr. SCOFIELD. The total reduction that has been made up to date is approximately 2,500. To offset that there has been approximately 1,000 people taken on for The Adjutant General's Office, so that the net reduction is approximately 1,500 to date. The Ordnance reduced about 1,600 people.

Mr. Sisson. Does that mean 1,500 paid out of the fund we are now discussing?

Mr. SCOFIELD. Yes; 1,500 paid out of the fund we are now discussing. That number has been separated from the rolls.

Mr. Sisson. That has nothing to do with the men detailed from the force of the Army?

Mr. SCOFIELD. No.

The CHAIRMAN. Have you any information as to how many enlisted men you have had in the various departments?

Mr. SCOFIELD. I know nothing whatever about that.

The CHAIRMAN. We would like to have you prepare and submit a statement giving us that information.

Gen. LORD. I will get that for you.

Comparative statement showing number of enlisted men on duty in the various offices of the War Department Nov. 11, 1918, and Jan. 1, 1919.

Office.	Nov. 11, 1918.	Jan. 1, 1919.	Increase.	Decrease.
Secretary of War.....	None.	None.		
Adjutant General.....	262	466	204	
Inspector General.....	4	8	4	
Judge Advocate General.....	52	61	9	
Quartermaster General.....	1,635	669		966
Surgeon General.....	117	122	5	
Chief of Engineers.....	164	124		40
Chief of Ordnance.....	820	217		603
Chief Signal Officer.....	235	211		24
Militia Bureau.....	None.	None.		
Chief of Staff.....	203	75		228
Chief of Coast Artillery.....	3	2		1
War Credits Board.....	None.	None.		
Tank Corps.....	13	2		11
Chemical Warfare Service.....	1,208	236		972
Motor Transport Corps.....	72	93	21	
Bureau of Insular Affairs.....	None.	None.		
Provost Marshal General.....	29	8		21
Division of Military Aeronautics.....	317	162		155
Bureau of Aircraft Production.....	577	367		210
Total.....	5,611	2,823	243	3,231

¹ On Jan. 10 there were on duty 112, of whom 11 have received their discharge papers.

² Including 173 on duty in the Purchase, Storage and Traffic Division.

³ Including 33 on duty in the Purchase, Storage and Traffic Division.

⁴ This number includes 50 men on duty receiving instructions on inventory work, who will be assigned to different camps upon the completion of the training course.

⁵ Not submitting deficiency estimates for temporary employees, fiscal year 1919.

The CHAIRMAN. There was a statement that went out from the Secretary of War, as of November 20, in which he advised that the employees should be informed that under the present plans the department contemplated a reduction of its additional force of war workers at the rate of over two thousand a month from that date until July 1, 1919. Evidently that letter no longer represents the view of the department.

Gen. LORD. What is the date of that?

The CHAIRMAN. November 30.

Mr. SCOFIELD. That order was prepared because the Secretary wrote to the Secretary of the Treasury that the original estimate of \$32,000,000 for the next fiscal year could be cut; he said he had not the time to go into the details, but decided to make an arbitrary cut of 90 per cent, which would reduce the estimate for the fiscal year 1920 for additional employees to \$3,210,000 instead of \$32,000,000 as it had been put in. When I saw that he had done that I immediately prepared that letter for the purpose of cutting down.

The CHAIRMAN. All right, but even on his revised cut he figures to come down to \$6,000,000, which would indicate that approximately 1,000 a month should go out, but you are not indicating anything of the kind in your program.

Gen. LORD. It is, of course, understood that there will not be as many clerks required in June as we require in January and February.

The CHAIRMAN. I understand, but you are figuring on an average pay roll of quite a bit over \$1,000,000 a month, because you are asking for \$6,000,000 for five and a half months. That indicates that you do not propose to have practically any reduction from now on during this fiscal year.

Gen. LORD. I doubt whether in the aggregate there will be much of a reduction, Mr. Sherley.

The CHAIRMAN. Well, we would like, Gen. Lord, some very definite information as to why there should not be. I do not think the committee is going to be content with just the general conclusion of heads of bureaus that they are going to require 'practically' their existing force.

Gen. LORD. I do not know how we could convince the committee or Congress except that we are all overwhelmed with work.

ADDITIONAL EMPLOYEES.

OFFICE OF SECRETARY OF WAR.

The CHAIRMAN. I notice, taking up these divisions, that the Secretary of War's office now has 549 employees, and next year, according to the estimates submitted, you figure on 175. Is he going to run until July 1 with 549 employees and then next year start out on 175?

Mr. SCOFIELD. We propose a gradual reduction from the present salary roll of \$45,000 down to \$18,000 by the end of May, which is a 60 per cent reduction.

The CHAIRMAN. You have now 17,156 employees on your temporary roll; that is, you had as of the 1st day of December, and your pay roll then was a little over \$1,000,000.

Mr. SCOFIELD. Considerably over.

The CHAIRMAN. No; not considerably over. Your pay roll, as stated in a memorandum submitted to me, for January 15, half a month, would amount to \$770,000. That would make \$1,540,000. and \$1,500,000 for five and one-half months would be \$8,200,000; \$6,000,000 for five and one-half months would be \$1,100,000 a month, as against a pay roll of \$1,500,000 now, and even assuming that your pay roll is going to reduce, it would not be anything like you indicate. 60 per cent?

Mr. SCOFIELD. I am speaking now simply for the Secretary's office.

Gen. LORD. Not for the total department.

The CHAIRMAN. You have 549 employees?

Mr. SCOFIELD. Yes, sir; and we are figuring a reduction by the 1st of July to 208.

The CHAIRMAN. According to this table you are figuring that on the 1st of July you will have 175?

Mr. SCOFIELD. Not by the 1st of July.

The CHAIRMAN. You figure the average of the year?

Mr. SCOFIELD. Yes; the average of the year.

The CHAIRMAN. Do you not expect it to get normal again by the 1st of July?

Mr. SCOFIELD. I do not; I wish it would.

Mr. SISSON. If you have an average for the year of 175, you will reduce it during the year below 175?

Mr. SCOFIELD. Yes, sir; I expect to.

The CHAIRMAN. You will have to get pretty close to 175 at the beginning of the year?

Mr. SCOFIELD. Yes. The 208, which we figure is pretty close. We ought to get closer than that. I want to get below.

The CHAIRMAN. What did you figure the pay roll of the Secretary's office for five and one-half months?

Mr. SCOFIELD. In round figures, \$128,000.

Gen. LORD. That was on the basis of the original estimate which we submitted.

Mr. SCOFIELD. \$39,538 for January; \$30,039 for February; \$22,578 for March; \$19,851 for April; \$17,916 for May; and the same amount for June. That makes a total of \$128,000, reducing the number down to 208.

The CHAIRMAN. How many enlisted men did you have?

Mr. SCOFIELD. We did not have any, Mr. Chairman.

The CHAIRMAN. Then you ought to make a very much heavier reduction than the other people?

Mr. SCOFIELD. I do not see why.

The CHAIRMAN. Because they are losing the additional clerical force.

Mr. SCOFIELD. From the theory which you have just announced, and which I believe to be a good one, that ought to be offset by the increased efficiency produced by getting rid of too many people.

The CHAIRMAN. Yes. In view of the fact that you had your force in the form of temporary employees, if you make the same sort of reduction that the other people do in percentage, your reduction from the temporary force should be very much greater.

Mr. SCOFIELD. It ought to if we had an overbalance at any time, but I do not think we had.

The CHAIRMAN. I am not playing any favorites; you are just as likely to have them as any other department.

Mr. SCOFIELD. It was not large enough; every one was engaged.

OFFICE OF THE ADJUTANT GENERAL.

(See p. 786.)

The CHAIRMAN. General, in The Adjutant General's office you seem to have now 2,490 as of the 1st of December. How many have you to-day?

Gen. HARRIS. We have to-day 3,591 clerks on the additional roll.

The CHAIRMAN. An increase of more than 1,000 clerks?

Gen. HARRIS. Yes, sir.

The CHAIRMAN. Do you expect to keep on gaining?

Gen. HARRIS. I should like to ask for 2,000 more to-day, if there was any way of getting them. I think we should have a thousand.

The CHAIRMAN. Where would you put them if they were authorized?

Gen. HARRIS. We should have to put them in some of the buildings that are being vacated by the divisions as their activities lessen.

INCREASE IN VOLUME OF WORK.

The CHAIRMAN. What is the need of 2,000 additional clerks?

Gen. HARRIS. When I took over the office of The Adjutant General in every division of the office the work was very much in arrears.

The CHAIRMAN. What additional duties have come to you as head of The Adjutant General's office?

Gen. HARRIS. To illustrate the increase in the volume of work in The Adjutant General's office, on September 1 the number of pieces of mail, papers, received daily in the office was 100,000, and for the last seven days it has averaged more than 400,000; 402,058 pieces of paper reached The Adjutant General's office daily during the last seven days.

The CHAIRMAN. Has that ever suggested the desirability of doing away with a lot of the causes for a good deal of this paper work?

Gen. HARRIS. The matter has been studied very carefully. In 1916, when the National Guard was called into the service, we began a very close study and we have reduced the paper work very materially.

The CHAIRMAN. I do not know, of course, because I have not examined it, and I have only an impression; but the impression that I have is that instead of the number of forms being reduced and simplification taking place, that just the contrary has happened and that the number of forms that are in existence to-day for the Army will show an increase of from 50 to 100 per cent over what it was prior to the breaking out of the war.

Gen. HARRIS. That is not true of the forms in The Adjutant General's office. I have made a careful study.

The CHAIRMAN. All forms, whether in The Adjutant General's office or not, reflect themselves in the clerical work of The Adjutant General's office?

Gen. HARRIS. They do in a way; yes, sir.

The CHAIRMAN. And if some method of reduction in duplication of forms was to take place it might relieve you very largely of this added burden?

Gen. HARRIS. That is possible. That has been my specialty, the work on forms, especially forms that we keep of the companies, and there has been an enormous reduction in the number of those forms and an enormous reduction in the clerical force.

The CHAIRMAN. In what character of paper has this increase taken place?

Gen. HARRIS. The increase is very largely in the papers relating to the discharge of men from the Army.

The CHAIRMAN. That will grow steadily less; you are probably at your peak now?

Gen. HARRIS. It will grow steadily less, but not rapidly less.

The CHAIRMAN. Why not? If you demobilize as fast as you are telling the public through the press that you are going to, it will decrease rather rapidly.

Gen. HARRIS. But the number of men discharged for months from now, until probably next fall, will be about the same; very nearly the same.

The CHAIRMAN. Every man who goes out relieves the paper work just that much, does it not?

Gen. HARRIS. It relieves the paper work. There is just that much paper for each man who goes out, four papers, and three come to The Adjutant General's Office.

Those papers have to be examined in the office and filed and in some cases cross-references have to be made. If that work is done as

the papers come in, we will be able to answer correspondence very promptly relating to those records. If it is not done, then the papers will not be available and it will be very difficult for us to give the information which we are expected to give. That is the situation to-day. The papers are piling up on us and we have not the space to handle them. In one room there are 500,000 papers that have accumulated from the discharged men. We are just that much behind in handling those papers. I hope to get an increase of clerks so that we can keep them up to date. My plan, if I can get the clerk hire asked for, is to have the records of the individuals in very much better shape the moment they are mustered out than were the records of the Civil War kept 30 years after that war. In the Record and Pension Division there were anywhere from 600 to 800 clerks 30 years after the war working on those old records. There are now more than twice as many men in the Army as there were in the Union Army during the entire Civil War.

The CHAIRMAN. How many men have you in the Army now?

Gen. HARRIS. I have not the figures to-day. We had 3,700,000 on the date of the armistice. I would not like to venture an estimate as to the number which have been discharged since then, because I have not seen it for some days.

The CHAIRMAN. In round figures, do you know how many have been dismissed from the service?

Gen. HARRIS. I should say probably 800,000.

The CHAIRMAN. What are you estimating the reduction is going to be in the Army from month to month?

Gen. HARRIS. That, of course, after this will depend largely on the shipping available.

The CHAIRMAN. You have a good many men here at home whom you have not yet gotten rid of, have you not?

Gen. HARRIS. Yes. I would not like to venture an estimate on that, because the condition connected with discharge is not handled in my office and the rapidity of discharge will depend on those conditions, and I am not familiar with them.

The CHAIRMAN. Does not your clerical work bear such a relationship to that situation as to make your determination of the one necessary in order to determine the other?

Gen. HARRIS. Not necessarily. We are receiving now hundreds of letters every day relating to the records of men who have been discharged, and not only letters from individuals, but letters from societies and letters from States who desire information about the men discharged from those States, and those inquiries instead of lessening are going to increase, and just now we are unable, with our clerical force, to furnish a good deal of the information that the country actually expects us to furnish.

The CHAIRMAN. That is only a very small part of your burden?

Gen. HARRIS. Coming from all over the United States it takes quite a large clerical force. It would be, if we could furnish the information.

The CHAIRMAN. But it is relatively small compared to the heavy work of the department?

Gen. HARRIS. That is true.

The CHAIRMAN. The department has been talking about getting down to 500,000 men by the 1st of July.

Gen. HARRIS. If the appropriation cuts us down to that number—

The CHAIRMAN (interposing). I mean the number of men in the service, 500,000 men.

Gen. HARRIS. There will be the correspondence relative to the Army discharged and to the Army in existence, and for years to come that correspondence relating to men out of the service, if we can judge by the past, will be a very considerable factor and require a large number of clerks. There are a number of bills before Congress requiring The Adjutant General's office to furnish certain information, and undoubtedly some of them will become laws. Those laws will require a search through our records.

The CHAIRMAN. That is always so?

Gen. HARRIS. It will be very much more so immediately after the war than it is now.

The CHAIRMAN. You figure on this estimate to bring your force up to what?

Gen. HARRIS. I had hoped to bring the force up to about 6,000 clerks for the remainder of this fiscal year.

The CHAIRMAN. You do not mean on the temporary roll anything like that number?

Gen. HARRIS. Yes; on the temporary roll. I really think that we should have that number in order to bring us up to date on July 1. We are very much behind in practically every division of The Adjutant General's office. I have made some changes. One change which I recently made throwing some work back on the people in the field will reduce the clerical force beginning January 1 about 600 clerks.

LOCATIONS WHERE CLERKS ARE HOUSED.

The CHAIRMAN. Of course, even this estimate would not give you anything like 6,000 clerks. Where are your clerks housed now?

Gen. HARRIS. Some in the War Department proper, some at First and B Streets, in the old Census Building, some in the Ford Building, some in the Land Office Building, some in the garage at Twenty-fourth and M Streets, and some in the Ford Theater on Tenth Street. We have just been given additional space in one of the new buildings at Seventh and B Streets, and we are moving in there now.

The CHAIRMAN. How many clerks for your office was this estimate predicated on?

Gen. HARRIS. The estimate prepared by my office was on the basis of 7,378 employees. Since that time we have made this change, which will reduce the number of clerks. We expected at that time that the work of the Provost General Marshal would be turned over to The Adjutant General's department immediately. That has not been done, and it may not be done for some time, and probably we will not get all of the records as originally contemplated.

CLERKS ON PERMANENT ROLL.

The CHAIRMAN. You have how many clerks on the permanent roll?

Gen. HARRIS. We have to-day on the regular roll 339, and the total number of employees on the regular roll is 387.

The CHAIRMAN. You have for the next year 685 people on the permanent roll. You got that number this year?

Mr. O'BRIEN. Authorized; yes, sir.

The CHAIRMAN. Why did you not fill those positions?

Mr. O'BRIEN. Because we could not get anybody to come in at \$1,000.

The CHAIRMAN. Perhaps, if we cut this down a little, it will help you. One of the ways that you can get employees for the Government will be to cease making the demand greater than the supply.

Mr. O'BRIEN. That is right, but if they put them on the additional roll at \$1,100—

The CHAIRMAN (interposing). You do not have to put them on the additional roll; there is no law compelling you to do that?

Mr. O'BRIEN. That was the basic salary provided by the War Department.

The CHAIRMAN. All right. Let the basic salary be changed by the War Department. The basic salary fixed by Congress, which ought to even affect the War Department, is \$1,000.

Mr. SCOFIELD. Plus \$120.

The CHAIRMAN. I understand; the \$120 applies in every case.

What you are doing is practically not to fill your permanent roll in order to put the clerks on at a higher salary; is not that it?

Mr. O'BRIEN. I would not say so, as far as our office is concerned, except as we pay the basic salary that is provided by the War Department, \$1,100 on the emergency roll.

The CHAIRMAN. I understand it is, but in the first place, there are a great many clerks that would rather go on the permanent roll at \$1,000 than be on the temporary roll at \$1,100, judging from the letters that every Member of Congress gets. There are clerks asking to be put on the permanent roll.

General, how many employees are there actually on your permanent roll now?

Gen. HARRIS. We have 339 clerical and 48 nonclerical.

The CHAIRMAN. You have the right to 685, so that apparently you have vacancies for 298 clerks on your permanent roll?

Gen. HARRIS. Yes, sir.

The CHAIRMAN. You are just filling the top salaries on your permanent roll?

Mr. SCOFIELD. No.

TOTAL NUMBER OF EMPLOYEES.

The CHAIRMAN. What is the number of all employees at this date?

Mr. SCOFIELD. On the additional roll clerical 3,591 and nonclerical 109, making 3,700.

The CHAIRMAN. What is the peak that you expect to reach?

Gen. HARRIS. The peak that I expect to reach is 1,000 in addition to what we have now.

The CHAIRMAN. Is that on the basis that this estimate was submitted?

Gen. LORD. I received notice yesterday of this call for a thousand additional clerks. The original call from The Adjutant General's office was for 3,989.

The CHAIRMAN. How many enlisted men have you now?

Gen. HARRIS. Four hundred and forty-six.

The CHAIRMAN. So you have 4,146 men, plus 387, on your permanent rolls?

Gen. HARRIS. The total force to-day, including limited-service men, is 4,533.

The CHAIRMAN. And you still want to add to that number?

Gen. HARRIS. I do. I am convinced that even with that number we will not be able to catch up with the work by July 1. There are some papers in The Adjutant General's office that are six months behind; they are very important records and it is very important for us to furnish information, and it is absolutely needed in order that we may answer correspondence.

The CHAIRMAN. Have you any check by which you know what your clerks turn out in the way of work?

Gen. HARRIS. Well, the work is so varied that I have no check, but I have inspectors in certain offices and over certain clerks who are observing the work in different divisions and transferring men from place to place where the work is slack in one division. Since I took over the work in The Adjutant General's office it has simply been a question of deciding what could be postponed; we have not had any hope of keeping the work current but it has simply been a question of what could be postponed until we could get more clerks. The influenza epidemic greatly handicapped us and greatly reduced the output.

The CHAIRMAN. Are you getting any voluntary resignations from your force?

Gen. HARRIS. From the clerical force?

The CHAIRMAN. Yes.

Gen. HARRIS. Very few come to my notice, but I am advised about eight a day.

The CHAIRMAN. Where are you getting these additional clerks—bringing them to town?

Gen. HARRIS. We are not getting them yet.

The CHAIRMAN. But you have gotten 1,000 since November.

Gen. HARRIS. Those were transferred from other bureaus of the War Department.

Mr. SCOFIELD. Largely from Ordnance.

Gen. HARRIS. I have been trying for a month to get 1,000 more transferred from other bureaus of the War Department, but have not succeeded in doing so.

REDUCTION IN NUMBER OF CLERKS.

(See p. 787.)

The CHAIRMAN. What reduction in clerks has actually been made in the War Department since the signing of the armistice?

Mr. SCOFIELD. Approximately 2,500, at least that is the gross reduction; the net reduction is practically 1,500, because of the 1,000 that have gone to The Adjutant General.

The CHAIRMAN. All the other departments have only cut down 2,500 clerks?

Mr. SCOFIELD. That is all.

The CHAIRMAN. How much do they expect to cut down between now and July?

Mr. SCOFIELD. I do not know, but they will have to cut down, because the appropriation will not permit a continuance of the clerks.

The CHAIRMAN. Unfortunately that has not been a determining factor in the past. Some of these corps are practically going out of existence, are they not?

Mr. SCOFIELD. The work of the Quartermaster General has increased and the work of the Surgeon General's Office has increased temporarily, as well as The Adjutant General's Office. Those are the ones that are increasing. The Signal Corps has cut down nearly 70 per cent.

The CHAIRMAN. You gentlemen repudiate this estimate now, do you?

Gen. LORD. That was the original submit, which was for a good deal more money than the Secretary approved; the original submit called for a good deal more than that, but the Secretary only approved \$5,000,000; then they were all proportionately cut on the basis of what they had originally submitted, so as to give the committee some information as to the amount of money that was being paid under the various grades.

The CHAIRMAN. I notice a curious fact, although it is a small one. The tank service only has seven clerks now and proposes to have 10 next year.

Gen. LORD. I do not know what the condition of the tank service is, but it is a new service.

The CHAIRMAN. It is simply evidence of the fact that these are rather arbitrary statements and have no special value.

Gen. LORD. That was submitted to the chairman of the subcommittee. He asked for some sort of a statement showing the grades; he had the original table and he was told by the statement given with that how it was prepared; that is the distribution of the money that was allotted, showing the amount of money that was paid in the higher grades, in which they were interested.

The CHAIRMAN. Gen. Lord, has any central effort been made to inspect and check up the employees in the various branches of the War Department recently?

Gen. LORD. In what respect? As to what they are doing?

The CHAIRMAN. Yes; the need for them and the kind of an organization they have.

Gen. LORD. That is, some general inspection or study of the work being done?

The CHAIRMAN. Yes. Some months ago an officer came to me saying that he had been detailed by the Secretary to make that sort of a study and that he would be glad for suggestions on my part. I told him some of the things I had heard and suggested that it might be well to have somebody go through some of these departments, without having it announced in advance that he was coming, in order to ascertain the facts.

Gen. LORD. The Inspector General—I do not know how long ago, but some weeks ago—made some sort of an inspection of the Quartermaster General's office and in connection with it some inspection of finance, my part of the office. We are inspected just so often by the Inspector General, and I do not know whether that was carrying out any general system that applied to the War Department or whether he was merely making one of his periodic inspections of the Quartermaster General's activities. But that sort of a study could be very readily made.

OFFICE OF QUARTERMASTER GENERAL.

NUMBER OF EMPLOYEES.

The CHAIRMAN. How many people have you in your office?

Gen. LORD. I have about 700 people in the quartermaster portion of it, and I have been taking over finance from the other bureaus. They have never been brought physically together with us, but we are expecting to do that in the next two weeks.

The CHAIRMAN. This statement shows that in the office of the Quartermaster General— whatever that may mean now——

Gen. LORD. It does not mean much.

The CHAIRMAN. That there are 3,195 employees.

Gen. LORD. What is left to-day in the office of the Quartermaster General proper is just a handful.

The CHAIRMAN. But what is meant by the Quartermaster General's office as it appears in this statement?

Gen. LORD. The majority of the employees in the office of the Director of Purchase, Storage, and Traffic are quartermaster employees. Capt. Farrell, who is here, will be able to tell you, I think, very definitely at the present time what employees are charged up against the Quartermaster General's office in connection with the temporary employees.

The CHAIRMAN. Captain, how many employees have you in the Quartermaster General's office, using that term to include all the various offices that belonged to the Quartermaster General originally and are now either in his division or in the Division of Purchase, Storage, and Traffic?

Capt. FARRELL. I can only tell you how many we have on the pay roll in the office of the Quartermaster General. That is all I am prepared to talk about.

The CHAIRMAN. What do you mean by that?

Capt. FARRELL. Well, the pay roll of the office of the Quartermaster General, and we provide the employees for the offices of the Director of Purchase, the Director of Storage, and the Director of Finance. That is practically the office of the Quartermaster General.

The CHAIRMAN. How many employees have you?

Capt. FARRELL. You mean additional employees?

The CHAIRMAN. Yes.

Capt. FARRELL. Approximately 3,100.

The CHAIRMAN. How many are you going to have during the balance of the year?

Capt. FARRELL. Do you want to know by months what I want?

The CHAIRMAN. Yes.

Capt. FARRELL. Clerical and subclerical combined?

The CHAIRMAN. Yes.

Capt. FARRELL. Well, at the end of this month I will have 3,040; at the end of February, 2,736; at the end of March, 2,462; at the end of April, about 2,300; at the end of May, 1,994, and at the end of June, 1,795.

The CHAIRMAN. What do you figure that is going to cost for the balance of the year?

Capt. FARRELL. For the balance of the year it will cost \$1,265,257.

The CHAIRMAN. That does not seem to correspond with your views, Gen. Lord?

Gen. LORD. That was the original estimate submitted, and I have arbitrarily cut the Quartermaster General to \$1,000,000.

Capt. FARRELL. In other words, you have taken off \$200,000.

Gen. LORD. \$200,000 plus.

The CHAIRMAN. How does that correspond with your statement, made in the beginning, that you expected to have more people?

Gen. LORD. We made a proportionate cut for the Quartermaster General, for The Adjutant General, and the other bureaus, because we were not allowed to ask for anything more.

The CHAIRMAN. What are you going to do about it?

Gen. LORD. We will have to operate as long as we can; we will have to make our activity fit the pay.

The CHAIRMAN. What is the permanent basis you are going on next year? How many do you figure you will have next year on an average?

Capt. FARRELL. You mean additional employees and not statutory employees?

The CHAIRMAN. Yes.

Capt. FARRELL. I will have to have approximately 1,500 clerks.

Gen. LORD. What does that table show?

The CHAIRMAN. 790.

Gen. LORD. That is on the basis of starting the year with the larger number and decreasing.

The CHAIRMAN. I asked him the average, and he said 1,500.

Capt. FARRELL. That is practically starting.

The CHAIRMAN. I want the average.

Capt. FARRELL. The average, I should say, would be 1,200 of all kinds.

Gen. LORD. He must cut it more than that, because there has been a cut in the amount that this committee has reported.

The CHAIRMAN. General, have you available the estimates made by the heads of these different bureaus as to the amount of money they need for the next five and a half months?

Gen. LORD. Yes; I have the record here.

Estimate additional employees Jan. 16 to June 30, 1919.

	Amount requested for fiscal year 1920.	Amount requested for fiscal year 1919, 5½ months.	Suggested cut.	Fiscal year 1919, suggested allowance.
Secretary of War.....	\$218,900.00	\$128,069.00	.....	\$128,069.00
Inspector General.....	62,420.00	21,816.68	.....	21,816.68
Adjutant General.....	2,922,420.00	3,989,931.33	\$1,789,931.33	2,200,000.00
Judge Advocate General.....	67,320.00	70,879.16	20,879.16	50,000.00
Quartermaster General.....	942,660.00	1,265,257.17	265,257.17	1,000,000.00
Surgeon General.....	380,500.00	493,090.83	25,000.00	468,090.83
Chief of Engineers.....	144,400.00	116,035.99	6,035.99	110,000.00
Chief of Ordnance.....	647,200.00	2,121,340.64	597,934.75	1,523,405.89
Chief Signal Officer.....	116,280.00	127,938.87	27,938.87	100,000.00
Bureau of Insular Affairs.....	.....	6,920.00	.....	6,920.00
Militia Bureau.....	.....	7,498.33	.....	7,498.33
Chief of Coast Artillery.....	26,520.00	15,879.19	.....	15,879.19
Chief of Staff.....	274,100.00	216,223.02	16,223.02	200,000.00
Motor Transport Corps.....	119,260.00	150,882.56	25,882.56	125,000.00
Tank Corps.....	14,450.00	6,106.57	.....	6,106.57
War Credits Board.....	6,600.00	3,318.32	.....	3,318.32
Chemical Warfare Service.....	.....	43,895.19	10,000.00	33,895.19
	5,941,120.00	8,785,082.85	2,785,082.85	6,000,000.00

The CHAIRMAN. Do you know what the average pay per employee is who is paid out of this fund?

Gen. LORD. We figured the average for the 1920 estimate. That would vary as to the grades. The War Department has figured it at \$1,200?

Mr. SCOFIELD. Between a thousand and eleven hundred dollars.

The CHAIRMAN. It is very nearly \$1,200 on the basis of the estimate for the next fiscal year, \$5,940,570 for 4,977 clerks.

Gen. LORD. I had an impression that the average was a little over \$1,200.

The CHAIRMAN. It is a little over \$1,200. Are you having any difficulty in getting clerks?

Mr. SCOFIELD. We have not been getting any.

The CHAIRMAN. Oh, yes; you have been getting a thousand of the 2,500 that you let go.

Mr. SCOFIELD. We did not let them go; we simply transferred them.

TRANSPORTATION OF EMPLOYEES HOME.

The CHAIRMAN. What is the effect flowing from the act for the transportation of employees home?

Mr. SCOFIELD. I guess a good many are waiting for the act.

The CHAIRMAN. That act was retroactive in the sense that those who wanted to go could leave and then collect their transportation subsequently?

Mr. SCOFIELD. Yes, sir. I do not know how great the number is, but I have heard of cases of people who did not have the money to go home and pay their bills, and so were waiting for the act.

The CHAIRMAN. That will not help them to pay their bills?

Mr. SCOFIELD. It will help them to pay their car fare home. If they paid their bills they would not have enough money to pay their car fare.

The CHAIRMAN. What rule has been made in regard to it? The act provided that it should apply to those "whose services are no longer required and whose employment has been or may be terminated by the Government without delinquency or misconduct on their part during the period from November 11, 1918, to February 20, 1919, inclusive." Has there been any rule in the department that where a person resigned that they did not come within the benefits of this act?

Mr. SCOFIELD. I do not know. I think The Adjutant General got out an order.

Gen. LORD. I do not think there has been anything published about it. I had the matter submitted to the comptroller and a decision is due from him most any time, but the conversation we had with the comptroller's office was that this should be construed as Congress intended, and I think we will be able to furnish transportation to those whose resignations are accepted for the convenience of the Government.

The CHAIRMAN. There has been some inquiry made of this committee that would seem to indicate that employees were under the impression that if they resigned they did not get the benefits of the act, whereas one of the purposes of the act was to induce resignations.

Gen. LORD. That matter is before the comptroller. If we have not already had a decision we will publish it as soon as we do get it. I do not know of anything in the War Department that covers it.

The CHAIRMAN. Mr. Comptroller, has the question of the construction of the act which was passed providing transportation for employees to their homes who were separated from the service been passed on by your office?

Mr. WARWICK. There has been no ruling on the law. We have only had one application for a construction of it, and that was from a Member of Congress.

The CHAIRMAN. Has there been any action by your department informally that would warrant the impression that an employee who resigned as contradistinguished from one who was dismissed is thereby without the terms of the act?

Mr. WARWICK. To my knowledge there has been no formal or informal ruling of the office. My impression would be that one who resigned in a reduction of the force would be in the same position as one who got a formal discharge paper. It is the custom of the Government to allow people to resign and not to give discharges. Discharges are not issued in the Government service except for offenses. If there was a general reduction of the force the practice would be to ask them to resign.

The CHAIRMAN. Suppose a person simply wants to quit, wants to resign?

Mr. WARWICK. Under this law it must be by action of the Government, which would mean action on the part of the Government without fault or misconduct. If a party resigned and the Government were not reducing the force, I would doubt if that were included.

The CHAIRMAN. The purpose of the act, I think, was clearly to create a condition in which employees would be willing to quit the service and might voluntarily offer to quit. Of course, it had in view that a person should not be permitted to quit to the positive detriment of the Government, but it is so difficult to conceive of that condition that perhaps Congress did not have it in mind.

Mr. WARWICK. The law would probably bear the construction that if a person resigned when the department did not want him to resign that he would not come under this act.

Mr. SCOFIELD. Without delinquency or misconduct?

Mr. WARWICK. No. The law seems to have contemplated action by the Government. A reduction of force is what I assume the law was for.

The CHAIRMAN. It was in order to take care of what was reported to be an acute situation in a number of instances in the Government departments and they did not feel like terminating the employment of people because of the hardship which would follow, and in order that the departments might not have that excuse and also that the city might not have any number of former employees here stranded.

Mr. WARWICK. I assume that the proper interpretation would depend upon the fact whether the department was taking his resignation because they could dispense with his services and were reducing the force in that way. I do not believe that this requires anything in the nature of a discharge. I think a resignation is sufficient, but I doubt if a resignation against the will of the department would

come under this law. There will be many of that kind who will want to quit, but the department is not through with them. I do not think they come under this law, but the mere fact of a resignation would not be evidence that the service was not terminated by action of the Government, because that is the usual way.

DISPOSITION OF REMAINS.

Gen. LORD. This is the estimate for the disposition of remains for the balance of the fiscal year.

The CHAIRMAN. Major, you have an estimate of \$2,473,782.68. and you have had a regular appropriation of \$250,000 and a deficiency appropriation of \$710,274?

Maj. LEMLY. That is due to the influenza and pneumonia which we had in the camps. I have here a statement from the Surgeon General's office. There were 22,322 men who died in camp up to December 27 of this fiscal year, and then there were in addition 1,023. whereas the estimated number during the remainder of the fiscal year, about six months, is put down as 2,100. There have been about 23,500 deaths in the first six months.

For example, I have here Camp Dix, which was the port of debarkation where they sent men from all over the country, and just looking at the first page I find the first man was sent to Silver City, N. Mex., by express and cost \$253; that another man was sent to Minnesota, at a cost of \$116. That is merely the transportation. The expense of embalming, the casket, and the hire of hearse, was \$75. That was by contract at Dix. These other items were for transportation.

The CHAIRMAN. What has been the average cost?

Maj. LEMLY. The average cost at Camp Dix was \$147.50.

The CHAIRMAN. What do you figure in making your estimate?

Maj. LEMLY. \$134.90.

The CHAIRMAN. You have an actual deficiency, I assume?

Maj. LEMLY. Yes, sir; we have a deficiency.

The CHAIRMAN. Of what amount?

Maj. LEMLY. We do not know how much.

The CHAIRMAN. The accounts have not come in?

Maj. LEMLY. No, sir.

The CHAIRMAN. You are figuring on the basis of how many persons will die in the service and come within the provisions of this act?

Maj. LEMLY. Twenty-five thousand four hundred and forty-four have already died. That is, from influenza and from pneumonia 22,344, and from other causes, 1,023. I am only estimating the number of deaths during the remainder of the fiscal year and I got from the Surgeon General's Office 2,100.

The CHAIRMAN. On the basis then of approximately 28,000 people you make your estimate of a total expenditure of \$3,434,057.20?

Maj. LEMLY. We have had \$250,000, and then an additional sum of \$710,000 deficiency and after deducting that I have \$2,473,000 deficiency.

The CHAIRMAN. This has no relationship to the expenses that may be incident to the returning of the remains of soldiers who died abroad prior to the cessation of hostilities?

Maj. LEMLY. None of those has been returned. The order stated that none should be returned until after the war, which we interpret to mean after the promulgation of the peace treaty.

RETURN FROM ABROAD OF REMAINS OF OFFICERS OR ENLISTED MEN
AT THE EXPENSE OF THEIR FAMILIES.

The CHAIRMAN. What arrangements, if any, have been made looking to granting permission to members of the families of deceased soldiers or officers to bring, at their own expense, the remains of officers or enlisted men home?

Maj. LEMLY. No arrangement has been made at all, because Gen. Pershing cabled that the French Government would not permit the disinterment of any person. I think you can see, under the circumstances, that it would be a very difficult thing for, perhaps, 10,000 fathers to go over there and be here, there, and everywhere on account of the number of cemeteries they have, partly British, partly French, and our own, which amount now to about 700. Gen. Pershing cabled that the French Government would not permit for the present the disinterring of bodies.

As you know, we have 68,000, and if we count the missing about 73,000. The British are not going to disinter them. They will leave them over there. While you have not asked me the question, I have been in charge of this work for nearly two years, during the war, and I should like to say that they have been unable to embalm these men over there. It was not possible to do it in the first place, and they could not follow up the movement of the troops with caskets. There is no use to embalm a man and stick him in the ground unless you put him in a casket. They have only the bones or putrid mass to bring back. They will be unrecognizable. Our own man, Col. Pierce, who is in charge of that service, has recommended very strongly that we establish near Paris, running to the Seine and overlooking the Bois de Boulogne, a field of honor in a cemetery which the French Government has ceded to us. Latterly we have had a great many requests from people, following perhaps the line of Col. Roosevelt, who asked to have his son's body left there. I put in an estimate for 1920 contemplating bringing back the bodies and I cut it down as low as I could, to less than \$9,000,000, but I believe it will cost \$20,000,000.

The CHAIRMAN. Have there been any cases of embalming where the body was not buried in a coffin?

Maj. LEMLY. None that I know of. I should like to say that when we sent over the Gray's Registration Service, under the command of Lieut. Col. Pierce, who did this work in the Philippines, we sent over the first four units, each unit of 50 men, and we furnished them with the embalming instruments and the embalming fluid. I sent over at that time 2,500 knocked-down cypress caskets and about 50 metal-lined caskets, but Gen. Pershing cabled not to send any more; that it was impossible to embalm those people. Some of them may have been embalmed in a base hospital, but, so far as we know, they have not been embalmed. Of course, as you understand, you can not embalm a man who has been torn to pieces, where the veins and arteries are not intact, and neither can you embalm a man who is lost in battle two or three days; you can not do anything but collect

his remains. Those men killed in battle were buried usually by being wrapped up in blankets and then with half of the shelter tent that every man carried. It was all that they could do for them. I am not prepared to say that some of the men who died in the hospitals were not embalmed, but I do not know of any who have been embalmed.

RECORDS TOUCHING CHARACTER OF BURIAL AND LOCALITY OF THOSE WHO DIED IN THE SERVICE AT HOSPITALS OR BACK OF THE LINE.

The CHAIRMAN. Do you know whether any records have been kept touching the character of burial that was given to the men who died in the service at the hospitals or back of the line? Of course, nothing could be kept at the front except the identity of the locality.

Maj. LEMLY. Those men, in the first place, all wore two tags with the serial number and the rank, company, and regiment. I have photographs of our cemeteries over there. They began, in the first place, by removing one of these tags and then tacking it upon a cross. Latterly, I think, they have preserved the tag, but at any rate they are buried with one tag and the other was either placed on the cross in the beginning or now it is preserved as a matter of record. The Graves Registration Service are burying those men, either taking them to isolated graves, or reentering them in these cemeteries. We are getting those reports and they give the number of the grave and the cemetery and the section and the row in which buried. Those are not up to date; there are many still to be heard from.

The CHAIRMAN. But there is being kept such a record as will enable the marking of the graves with the names, that is, permanently marking the graves with the names of the men buried there?

Maj. LEMLY. They are all marked, marked with a cross—a wooden cross.

The CHAIRMAN. I understand.

Maj. LEMLY. That was the only thing they could do.

The CHAIRMAN. But the wooden crosses, of course, are not permanent.

Maj. LEMLY. No.

The CHAIRMAN. I am wondering whether your records will identify the locality in such a way as to enable you subsequently, should it be desired, to have permanent markers.

Maj. LEMLY. There is also placed at the foot of the grave an inclined stake so as not to be exposed to the weather, with the number of the grave, as well as at the head on the cross. They are numbered by stakes. In addition to that, the Graves Registration Service have registered them the best they can in these isolated graves so that they can find them.

The CHAIRMAN. Where they are put in the cemeteries, is there a written record kept which identifies a particular grave as containing the remains of a particular man, irrespective of the marking that is on the grave itself?

Maj. LEMLY. That record is also kept in books. So that they have a double record as a matter of fact.

Mr. Sisson. They would be as easily located as a lot in a city?

Maj. LEMLY. Yes; there is no question that the Graves Registration Service can locate them.

Mr. Sisson. Because in the case of a lot in a city, the house burning down would not prevent you from locating the lot nor would the stakes being removed prevent you from locating the graves?

Maj. LEMLY. Yes. You can locate the grave because it has a number, even if the stakes should be burned up.

Mr. Sisson. In other words, the cemetery has been surveyed and laid out in walks and squares and each grave is numbered like lots in the city, so that even though the marker was gone, by actual measurement of the ground you can locate the grave?

Maj. LEMLY. Yes; it can be found in that way.

Mr. Sisson. So in addition to the numbers, you have a location record kept in the records of the cemetery?

Maj. LEMLY. Yes.

Mr. EAGAN. It is your judgment, then, Major, that it will not be practicable to send back many of these bodies?

Maj. LEMLY. I beg your pardon, I do not say it is not practicable. It is practicable, but we have found that most of the people who want these bodies brought back are the poorer mothers. From the letters I judge, you know, that usually they are poor people who make more, perhaps, out of a funeral than they do out of a marriage ceremony, and they write and ask for their sons to be brought back. Other people are asking that they should not be sent back, and I ask myself this question: It is not a matter of money, of course, but if we are going to bring these men back here to create complaint, and possibly a scandal, it seems to me it would be better not to do it.

Mr. EAGAN. Is not the hope being held out now through the War Department that they will be brought back?

Maj. LEMLY. In Bulletin 44 of July 27, it was published that the men who were killed in France would be buried in France until after the war, when they would be returned to the United States. Therefore, under those orders, we can only reply to people who write us and say that after the signing of the treaty of peace steps will be taken to bring them back; but I am still inclined to think that if we establish a cemetery of this sort, calling it, perhaps the American Field of Honor, and started a little propaganda, many of these people, in fact, most of them, would then be willing to leave their sons over there.

OFFICE OF AUDITOR FOR WAR DEPARTMENT.

ADDITIONAL EMPLOYEES AND MISCELLANEOUS EXPENSES, INCLUDING RENT.

The CHAIRMAN. Mr. Comptroller, you have an estimate submitted for the Auditor of the War Department of \$120,000, \$100,000 being in the way of salaries, and \$20,000 for miscellaneous expenses, including rent.

Mr. WARWICK. The two items for additional employees for the auditor's office and the rent and miscellaneous expenses are put together because there would be no use of having additional employees unless there was some place to put them. The present office has about 600 employees in it when it ought to have about 300. The accounts are stacked all over the halls. It is impossible to get at them. It is impossible to settle the claims of soldiers who have died and whose families want their remaining balances paid them. It is impossible to go all over the building and hunt through the corridors to find vouchers. There must be room to put these vouchers on shelves and

in cases, because they are all going to be examined hundreds of times in settling the claims of 3,500,000 soldiers.

The CHAIRMAN. Where are you housed now?

Mr. WARWICK. In the Winder Building, at Seventeenth and F, and the small building adjoining, which formerly was occupied by The Adjutant General, a four-story building about 25 feet wide.

REQUEST FOR HOUSING.

The CHAIRMAN. Have you made request of the Treasury Department for other housing?

Mr. WARWICK. We have asked the Secretary of the Treasury for additional room and have been offered space in the War Industries Building at Fifteenth and B Streets. I have refused to accept it until the Secretary of the Treasury orders the office put there. Eighty per cent of the war expenditures are going to be evidenced by vouchers on file in the office of the Auditor for the War Department. I feel certain that there will be considerable call from various sources for that evidence in the next 20 or 30 years, commencing right now, and I would not take the responsibility of putting into a temporary building that kind of records of the Government, when there are fire-proof buildings available in Washington.

The CHAIRMAN. What do you need in the way of space?

Mr. WARWICK. I think it is necessary to have 60,000 feet.

The CHAIRMAN. What building would accommodate you?

Mr. WARWICK. The most convenient building, nearer to the office of the Auditor—and nearness is a very desirable thing when you are dividing an office—is at Eighteenth and E Streets NW., known as the Ordnance Building. It is a recently constructed nine-story concrete building, with splendid light, although there is nothing fancy about it.

The CHAIRMAN. Who occupies it now?

Mr. WARWICK. It is now occupied by several offices of the War Department, including the office of the Inspector General.

The CHAIRMAN. Who else?

Mr. WARWICK. I have not inquired as to what other offices are in there.

The CHAIRMAN. Is not the Tank Service in there?

Mr. WARWICK. I think it is.

The CHAIRMAN. And part of the Ordnance?

Mr. WARWICK. Very little of the Ordnance.

The CHAIRMAN. Have you made any inquiry of the War Department as to the possibility of getting that building?

Mr. WARWICK. I have been informed that they want to keep it. They have a five-year lease on it at about \$22,000 a year. If the Government is bound by that lease, and I assume it is, then the Government is going to keep that building probably for the next five years, and it seems to us that that kind of building, rather than a temporary building, ought to be used for such valuable records.

The CHAIRMAN. Have you made any request to get into the new Army Building, next to the new Navy Building, known as the Munitions Building?

Mr. WARWICK. No. You understand we are connected with the Treasury Department. We would not make the request on the War Department for space.

The CHAIRMAN. Why not? You are not alien enemies, are you?
Mr. WARWICK. No. We could make the request. I think that is as far as it would go unless the Secretary of the Treasury would take it up as a special favor, or something of that kind, to get into a War Department building.

Mr. Sisson. Do you expect to move these vouchers into the building that you go into?

Mr. WARWICK. A large part of them. The new building would accommodate with the files maybe 500 people, and the Auditor's additional force will reach that by next summer.

Mr. Sisson. Your special reason for wanting practically a fireproof building would be to preserve these records?

Mr. WARWICK. From destruction, yes, and possibly from some one who might want to destroy them. There might be such a case. At any rate, there ought to be careful consideration of the question of moving such valuable records.

The CHAIRMAN. Are you in a fireproof building now?

Mr. WARWICK. Oh, yes. This is an old building used originally as a hotel, and the partitions between each room run from the cellar to the roof, with 13-inch walls between each room and with brick arch ceilings. The architect says it is one of the best constructed buildings in Washington so far as permanency is concerned.

The CHAIRMAN. But it does not afford you sufficient space?

Mr. WARWICK. It had in it before the war 206 clerks. That building alone has got about 500 clerks in it now.

Mr. BAITY. And over 600 including the annex?

Mr. WARWICK. Yes; the original Winder Building has 500 clerks, and the accounts are coming in in carload lots.

Mr. EAGAN. What kind of floors have you?

Mr. WARWICK. Five floors—wooden floors.

BUILDING IN WHICH RECORDS ARE STORED.

The CHAIRMAN. Have you any records in any other building?

Mr. WARWICK. They are stored in some other buildings.

The CHAIRMAN. What other buildings?

Mr. BAITY. Five other buildings. We have the basement of the Court of Claims and the Court of Claims Annex full. We have the Cox Building on New York Avenue entirely full, the entire building, except the Treasury photographer, I believe he is called, has a little office on the top floor. We have a building at 1420 Pennsylvania Avenue, just east of Poli's Theater, almost full. We have a large amount of space in the Merchants' Transfer & Storage Co.'s building on E Street between Ninth and Tenth, almost full.

Mr. Sisson. Are those buildings fireproof?

Mr. BAITY. Not all of them, no, sir. I think the Merchants' Transfer & Storage Co. building is fireproof. The basement in the Court of Claims Building is reasonably safe. The building at 1420 Pennsylvania Avenue is not so considered, nor do I consider the Cox Building safe, yet we have been there for many years.

Mr. Sisson. Have you a watchman there?

Mr. BAITY. Yes, sir.

The CHAIRMAN. Is it your idea that if you could get into the Ordnance Building you could accommodate all of your needs in that one building?

Mr. WARWICK. It would require that building in addition to the Winder Building.

The CHAIRMAN. Those two buildings would take care of you?

Mr. WARWICK. That would accommodate the Auditor, probably permanently; that is, I mean for the next few years. There is no telling what the situation would be then, but the prospects are that after a few years there will be a reduction, but that office must go to 1,200 or 1,500 people right soon, if we are ever going to make that card index of payments to soldiers, and that must be done. It was done 20 years after the Civil War, after all that time had been spent in digging into individual vouchers. You must take some kind of system like the Hollister punching card and take a payroll and take off of it the payments for each man and then assort those cards by the individual man.

The CHAIRMAN. Is not The Adjutant General doing practically that same thing or proposing to do it?

Mr. WARWICK. Not the payments, no. These payments have got to be taken off of the payrolls in order to settle a man's claims, and there are going to be lots of claims, of course. We can not avoid them. Congress will pass a bill giving the men extra pay for service abroad, and they will give it to them after they have been discharged, so the paymasters can not pay them.

Mr. SISSON. How do you know that?

Mr. WARWICK. History repeating itself. Assuming that they do, and there are numerous bills up, and they did it after the Spanish War for those who served abroad—there will then be individual claims, and they ought not to be settled until a man's account for the whole 12 months' service has been checked to see if he was overpaid at any time, or at least try to dispose of his pay relations with the Government at one time. I do not believe we can avoid making an index of the payments to each man. I do not think that can be avoided. It is impossible to take a man now and go into the vouchers that are in that office, even if the man has not left the United States, so that his papers are all here and not in France. You could not go to those vouchers, to the different paymasters' accounts, scattered in that office, without being liable to spend a day in finding out what one man has been paid.

The CHAIRMAN. What are you figuring this rent for now?

Mr. WARWICK. It is rent for the balance—

The CHAIRMAN (interposing). But how do you expect to spend it?

Mr. WARWICK. It is with the purpose of getting the Ordnance Building if we have the appropriation.

The CHAIRMAN. What do you figure that will cost?

Mr. WARWICK. About \$22,000 a year. We would need for the balance of the year \$10,000.

The CHAIRMAN. You are asking \$20,000?

FURNITURE—LABOR SAVING DEVICES.

Mr. WARWICK. Then we have to have some additional furniture. The balance of \$10,000 would give very little furniture for two or three hundred clerks.

Mr. SISSON. So far as desks and chairs and typewriters are concerned, I should think you would be able to get plenty of those from the other bureaus.

Mr. WARWICK. Yes; we can get them, but we have got to pay for them by transfer of this appropriation. We have first got to have an appropriation, according to the rule, and we would then transfer \$10,000 right back into the Treasury.

The CHAIRMAN. You have been asking for furniture and labor-saving machines under the chief clerk's office for the various auditors, have you not?

Mr. WARWICK. Yes, sir; because we have no appropriation.

The CHAIRMAN. Then why are you figuring it in here again in this \$20,000?

Mr. WARWICK. Because this is a case of getting a new building and equipping it with a new outfit. It is a considerably large item when compared with the chief clerk furnishing 10 desks, or so on, just as they are needed. This would involve 200 desks.

The CHAIRMAN. Not necessarily. You might take the desks you have already got. That is one of the notions of the department with which I have no sympathy, that every time you go into a new building you have got to entirely equip that building.

Mr. WARWICK. No; this would be using all the furniture there is, and this money would be for the additional furniture. We will bring men back from France pretty soon. It is hard to separate these items by turning over to the chief clerk of the department requests to put them into his estimates when we have not yet got authority to rent space for the employees.

Mr. Sisson. The other day we went into the question of bringing that force back from France, and I think the subcommittee that heard that indorsed your views entirely. We provided then, or we had a hearing to provide then, for furniture and typewriters and everything of that sort for your force that you would bring back from France. You would not need that furniture again.

Mr. WARWICK. I do not remember that that force was included.

Mr. Sisson. It was included in that hearing.

Mr. BAITY. Yes; it was in Mr. Myer's urgent deficiency. Mr. Sisson, apparently, expressed a willingness to include for my office an appropriation for 165 clerks which we would bring back.

Mr. Sisson. Yes.

Mr. BAITY. And a few additional, if it was necessary; but now, you see, we are asking here, outside of the Paris office, for \$100,000 to go into this deficiency, so I can employ people that I must have, and then we have got to have furniture for them to work with.

Mr. Sisson. That matter was assigned to this subcommittee by the chairman, as I explained to you gentlemen, as one of the urgent deficiencies that ought to go through first. Now in that was included a provision to take care of these 165 clerks.

Mr. BAITY. I think we could cut this request, since the chief clerk has put in his urgent item, to rent, so far as the desks, etc., are concerned.

Mr. Sisson. So far as your furniture is concerned.

Mr. BAITY. But we must have a place to put these people.

Mr. Sisson. I did not go into the question of rent, but we did go fully into the question of furnishing them with desks and typewriters, and even chairs.

Mr. BAITY. Yes.

Mr. WARWICK. This request, of course, had in view largely an additional force, estimated here at \$100,000, and then equipping their offices.

Mr. Sisson. Then, we can eliminate from that request for the balance of this year all items as to furniture. As to rent, or a place to put your force, we did not go into that question at all; but so far as equipping them when they get back is concerned that was covered in the other item.

Mr. WARWICK. The urgency, as we see it, is a decision as to whether the auditor's office will move its surplus people, these people who are overflowing the Winder Building, so that these accounts can be gotten on the shelves and worked on; whether we ought to go down to the Ordnance Building, or whether we can not get a safer place.

The CHAIRMAN. Mr. Comptroller, you have had \$701,890 for this year?

Mr. WARWICK. Yes, sir.

ADDITIONAL CLERKS.

The CHAIRMAN. You want \$100,000 more for clerks for five and a half months?

Mr. WARWICK. That \$100,000 for clerks is an attempt to get available now the force that we expect to be carried in the legislative bill next year. We have made a large increase in the estimate for the next fiscal year.

The CHAIRMAN. The bill has just been reported, and it carries \$987,000.

Mr. WARWICK. Of course, we did not get what we were entitled to, then.

The CHAIRMAN. You did not get what you asked, but presumably you got what you were entitled to.

Mr. WARWICK. Well, that may be true from a different point of view.

Mr. BAITY. They are taking up the \$200,000 that we are spending right now; they are reappropriating that for next year, and while it looks big on paper it is really not big. We are spending the \$200,000, and it is a continuation over and above the statutory places.

Mr. WARWICK. I have not seen the bill as reported, to see how far the estimates were cut, but the legislative subcommittee was told that we would come up with an estimate for 500 or 600 additional clerks very soon.

The CHAIRMAN. This estimate of \$100,000 is for the employment of how many additional clerks?

Mr. BAITY. I will probably employ nobody in excess of \$1,200.

The CHAIRMAN. That is not what I mean. What I want to know is whether your existing pay roll will create a deficiency of \$100,000 or whether this is to expand your pay roll.

Mr. BAITY. It is to expand the pay roll.

The CHAIRMAN. To what extent?

Mr. BAITY. To employ as many people as that will take care of between now and the 1st of July.

Mr. WARWICK. The amount of work is practically unlimited.

Mr. BAITY. Oh, yes.

The CHAIRMAN. You stated before the subcommittee on the legislative bill the general situation that confronts your office:

Mr. BAITY. I did not, but Mr. Warwick and my chief clerk did.

The CHAIRMAN. If I understand you, the case then presented is the case on which you justify the request you make now.

Mr. BAITY. Yes.

Mr. WARWICK. It is to get the people now, if possible, instead of waiting until the 1st of July.

Mr. Sisson. In other words, you propose out of this \$100,000 to bring your force up so that automatically it ties into the force which you will have, without any cessation?

Mr. WARWICK. Yes, sir.

Mr. Sisson. You will have your force organized, then, by the 1st of July?

Mr. WARWICK. Yes, sir.

MONDAY, DECEMBER 16, 1918.

ORDNANCE DEPARTMENT.

STATEMENTS OF BRIG. GEN. WILLIAM S. PEIRCE AND F. R. LEACH, OFFICE OF THE CHIEF OF ORDNANCE.

GENERAL STATEMENT.

The CHAIRMAN. General, there have been appropriated in various bills extending over the period since we entered the war approximately \$8,000,000,000 for the Ordnance Department, and, in addition to that, there have been contract authorizations of about \$8,000,000,000, making a little bit over \$16,000,000,000. Now, the signing of the armistice, of course, served to immediately change the entire aspect of things and the need and desire of the Government touching these appropriations. Whereas during the war we were constantly endeavoring by every means possible to procure ordnance material; with the cessation of hostilities we find ourselves with material produced and in process of production away beyond any desire for present needs or for reserve. In view of that, what steps have been taken by the Ordnance Department looking to dealing with this situation?

Gen. PEIRCE. I can give you a general description of the plan and machinery that was set up to deal with that situation. In October the subject was taken under careful consideration, although the armistice was not signed, but it was apparent that it was not very far distant, and for such consideration the Chief of Ordnance appointed a board in the Ordnance Department, of which I am the president, called the Claims Board, whose duties were to formulate a plan under which the termination of contracts would be pursued when the proper time came, and also a plan for adjusting, determining, and settling the proper claims that would arise under the contracts and in accordance with the contracts due to their termination. A detailed program was prepared, and on the signing of the armistice this was submitted to the proper authorities in the Division

of Purchase, Storage and Traffic for their consideration and approval if found satisfactory. That plan proposes the formation in the ordnance districts, or in the ordnance production districts throughout the country, of district claims boards, of which the district chief in each case would be the chairman, the board to consist of five members each, one of whom was, of course, the district chief of ordnance as chairman, another member to be a prominent business man or banker of the section, and the other three to be members of the personnel of the district, the selections being left to the district chief.

The CHAIRMAN. What do you mean by "districts?"

Gen. PEIRCE. The country was divided into 11 ordnance districts during the war, and each of those districts consisted of a central office with a man in charge, who was in all cases a civilian, known as district chief, and he had directly under him the responsibility for the production of the ordnance matériel within that district. He had also within certain limits control of the inspection of the matériel within that district, and of the disbursements that were made in payment for accepted matériel. In other words, in each district there was a little ordnance office which handled the local affairs of the district within certain lines prescribed by the Chief of Ordnance here. Now, the Claims Board in the Ordnance Department in Washington was to review the contracts and decide upon the time of suspension, or, rather as perhaps I had better state it, upon the additional quantity of matériel, if any, which the contractor would be allowed to complete. There were a few excepted cases, but, in general, I will say, the recommendations in regard to those contracts were required to be sent to the Division of Purchase, Storage and Traffic for their approval before they became effective. The exceptions were, first, contracts which had been entered into subsequent to October 1; contracts for \$25,000, or less, and contracts on which no work had yet been started and where there were no liabilities incurred, and, further, on contracts where the contractor was perfectly willing to stop, and where his stopping would involve no industrial trouble.

Upon receipt of the approval of the Division of Purchase, Storage and Traffic of those recommendations of the suspension or cancellation, as the case called for, they were sent out from the Washington office to the district chief of the district in which the work was being done, and by him transmitted to the contractor. Upon receipt of them by the contractor, he had to notify the district chief of his acceptance of the terms, in case it was a request for suspension, and then such friendly negotiations were to be handled by the district boards as were necessary. That is to say, the contractor was to be furnished with blank forms and instructions as to how he should present his claims under the contract. These are made out in accordance with various detailed instructions forwarded the district board which investigates those statements. For that purpose it has all of the personnel of the Ordnance Department within the district at its service. After investigation, if the claims are allowed or are considered just, a supplemental contract called an adjustment contract was to be prepared and signed by both parties, a contracting officer being appointed in the district for that purpose, and that contract was then to be forwarded here to Washington for approval.

If approved, it would be returned to the district, and payments under the contract would then be made and the matter closed. In case a contractor did not accept the request for suspension, and if his contract contained a cancellation clause, the cancellation notice would be immediately issued and the proceedings thereafter would be in accordance with the cancellation clause of the contract, to be conducted, however, by the district board, and when the record of the case was complete it was to be forwarded to the Claims Board here in Washington.

PERSONNEL OF CLAIMS BOARD.

The CHAIRMAN. Who constituted the board here of which you said you were the chairman?

Gen. PEIRCE. Do you wish the names of the members?

The CHAIRMAN. Yes.

Gen. PEIRCE. Col. Lamont, Mr. Marshall, Col. Stewart, Col. McFarlane, Lieut. Col. Griggs, and Lieut. Col. Ayer, as recorder.

The CHAIRMAN. You said that the district boards had on them prominent civilians?

Gen. PEIRCE. Besides the district chief.

Mr. EAGAN. Who was also a civilian?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. I did not understand from your testimony that the chief was a civilian. He is the chief ordnance officer of the district, is he not?

Gen. PEIRCE. No, sir; he is a civilian in all cases.

The CHAIRMAN. Is he in the ordnance service?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. What do you mean by civilians?

Gen. PEIRCE. He is a civilian employee. He is not a commissioned officer and he is not in the military service.

Mr. CANNON. Now, all of this was done under authority of the general law?

Gen. PEIRCE. Yes, sir; it was done under the contractual power.

Mr. CANNON. The Secretary of War, I suppose, approved of this?

Gen. PEIRCE. The Secretary of War, through authorities or agencies set up by him, approved this method of procedure, although it did not originate with him.

Mr. CANNON. This is for the settlement of damages on the cancellation of contracts, and somewhere or other there ought to be authority, and I suppose there is, for the whole procedure.

POWER OF WAR DEPARTMENT TO CANCEL CONTRACTS.

(See p. 856.)

The CHAIRMAN. That is what I wanted to inquire about: Has anybody undertaken to determine the power of the War Department to act in connection with the cancellation of contracts, or has it been assumed that there flowed from the power to make, the power to modify or to cancel, and that manifestly that must follow in those instances in which the contract may itself provide the right or means for the cancellation or modification of the contract?

Gen. LORD. The matter was submitted to the comptroller of the Treasury, and he has decided that the Government agency that had

the authority to enter into the contract was vested with the necessary authority for terminating it and making settlements thereunder.

The CHAIRMAN. Was that a formal decision of the comptroller?

Gen. LORD. It was submitted to him from my office, and we have his statement either formally or informally.

The CHAIRMAN. Will you put into the record his statement?

Gen. LORD. If I have it, and if not, I will get it and put it in the record.

NOTE.—1. There is no specific authority of law for the Secretary of War either to terminate an existing contract or to settle with the contractor for partial performance of a terminated contract, but such right, it has been held by no less authority than the Supreme Court, is one inherent in the authority conferred by law to make contracts. In the case of the United States against the Corliss Steam Engine Co. (91 U. S. 321), the facts were that the Secretary of the Navy had entered into contract with the Corliss Co. for the manufacture of certain engines required for installation in naval vessels. After the work had proceeded to a considerable extent a then existing war was terminated, and the Navy Department thereupon terminated the contract with said company and, under an agreement with it, took over, at an agreed price, the incomplete articles on hand. No appropriation being available, however, for the payment of the agreed price, said company was obliged to enter suit and the case went to the Supreme Court. In passing on the same, Mr. Justice Field, speaking for the Supreme Court, said:

"There is no dispute about the facts of the case. They are fully and clearly stated in the findings of the Court of Claims, and it would seem that there ought not to be any dispute as to the law applicable to them. * * * That legislation existing (referring to legislation authorizing the Secretary of the Navy to purchase supplies, armaments, etc.), the discharge of the duty devolving upon the Secretary necessarily requires him to enter into numerous contracts for the public service; and the power to suspend work contracted for, whether in the construction of armament or equipment of vessels of war, when from any cause the public interest requires such suspension, must necessarily rest with him. As, in making the original contracts, he must agree upon the compensation to be made for their entire performance, it would seem that when those contracts are suspended by him, he must be equally authorized to agree upon the compensation for their partial performance. Contracts for the armament and equipment of vessels of war may, and generally do, require numerous modifications in the progress of the work where that work requires years for its completion. With the improvements constantly made in shipbuilding and steam machinery and in arms, some parts originally contracted for may have to be abandoned and other parts substituted; and it would be a serious detriment to the public service if the power of the head of the Navy Department did not extend to providing for all such possible contingencies by modification or suspension of the contract and settlement with the contractors. When a settlement in such a case is made upon the full knowledge of all the facts, without concealment, misrepresentation, or fraud, it must be equally binding upon the Government as upon the contractor; at least, such settlement can not be disintegrated by the Government without restoring to the contractor the property surrendered as a condition of its execution."

2. The Comptroller of the Treasury has repeatedly held that officers of the Government authorized to make contracts have authority to modify contracts once made when such modifications are not prejudicial to the interests of the Government (8 Comp. Dec., 549; 12 Comp. Dec., 409; 14 Comp. Dec., 253; 15 Comp. Dec., 55, 405). The Attorney General has expressed a like opinion (21 Op. Atty. Gen., 12).

Gen. PEIRCE. I might say this, that the Ordnance Department recognized very clearly that there were a class of claims that might be preferred, and which it was not the purpose to settle in this way, and we proposed to settle nothing in the way of claims arising from breach of contracts or unearned profits, or anything of that sort. It was simply those claims which were covered or contemplated by the contracts, and are not considered damage claims, but they are compensation for work done or money expended for material.

The CHAIRMAN. Do you mean that in cases where you could only get an adjustment of contracts by considering as an element in the

adjustment the question of unearned profits or of damage for the cessation of work and cancellation of the orders you have not acted?

Gen. PEIRCE. No, sir; we do not propose to settle and pay such claims.

The CHAIRMAN. Your statement taken literally would seem to narrow your field very greatly. If I understood you right, you said you did not propose, or that the Ordnance Department did not propose, to adjust any claims relating to damages, or claims for profits, or what might be designated as claims. Now, is there not practically involved in every partially finished contract which is modified or canceled questions of loss to the contractor by virtue of the governmental action, and are you not of necessity forced to consider all those questions in the adjustment of the matter?

Gen. PEIRCE. We have not intended, as I said, to consider or allow any settlements as items of claims for damages which are not a part of the business of that contract, and among such claims we would class those for unearned profits; that is, prospective profits which would have accrued on work not yet performed under the contract.

The CHAIRMAN. If I understand you, the machinery which you have created and that has been set up for dealing with the matter of contracts limits its activities to the settlement of those matters growing out of the contracts which do not involve questions of unearned profits or of damages claimed as an incident to the failure of the Government to carry out some agreement on its part, and that in instances where such matters arise they are referred to the War Department for settlement through this board for contract adjustments?

Gen. PEIRCE. Yes, sir. The district boards, however, in those cases would obtain a statement of the claim and would investigate it so as to furnish all the information possible to the higher authorities.

The CHAIRMAN. And, presumably, they might make recommendations touching it.

Gen. PEIRCE. Yes, sir.

DISTRICT CHIEFS.

The CHAIRMAN. Who has the selection of the additional civilian employee on those boards in the various districts?

Gen. PEIRCE. The district chief has the selection of the entire number.

The CHAIRMAN. This district chief is a civilian employee who has been and still is an employee of the Ordnance Department?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. Can you give us the names of the various district chiefs in the 11 districts?

Gen. PEIRCE. I can give you some of them offhand, and will furnish the names of the others for the record. The district chief at the Philadelphia office is Mr. Jones; at the Bridgeport office, Mr. Bryant; at the Boston office, Mr. Greenwood; at the Rochester office, Mr. Noble; at the Pittsburgh office, Mr. Dravo; at the Cincinnati office; Mr. Harrison; at Detroit, Mr. Robinson; at Chicago, Mr. Russell; and at St. Louis, Mr. Singleton.

The CHAIRMAN. If I have understood your statement, this board of which you are the chairman reports to the Division of Purchase, Storage and Traffic?

Gen. PEIRCE. It reports to them in all matters which have to go higher; that is, there is a board under the Chief of Ordnance in the Ordnance Department that has the matter of dealing with ordnance contracts, and in all cases where it requires higher authority in its functions it does report to the Division of Purchase, Storage and Traffic.

The CHAIRMAN. In those cases where you make an adjustment, or a final adjustment, with acquittance on the part of the contractor of all claims of any kind or character against the United States, the matter ends with you?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. But in those cases where you are unable to make that adjustment, you make a report to the—

Gen. PEIRCE (interposing). Those cases are referred to the Division of Purchase, Storage and Traffic.

The CHAIRMAN. Now, has the Division of Purchase, Storage and Traffic issued any orders for the guidance of other boards in the settlement of those contracts.

Gen. PEIRCE. They have issued several circulars defining in general terms the procedure which shall be followed.

The CHAIRMAN. I wish you would put into the record the circulars which they have issued and also put into the record any circulars which the board of which you are the head has issued.

Gen. PEIRCE. Very well.

[War Department, Purchase, Storage and Traffic Division, General Staff, Supply Circular No. 111.]

WASHINGTON, November 9, 1918.

Subject: Termination of contracts and orders in public interest.

1. Whenever the appropriate officers of the Government determine that it is necessary, in the public interest, to terminate, in whole or in part, a contract or a purchase or procurement order for materials or supplies, such termination shall be effected as herein directed.

2. Whenever such contract or order expressly provides that it may be terminated in the public interest, termination may be effected only in accordance with such provisions, unless it shall be in the public interest to terminate it in accordance with the provisions of this circular and the parties shall agree thereto.

3. Whenever such contract or order does not expressly provide that it may be terminated in the public interest, the contractor, if the public interest so requires, shall be requested to suspend work thereunder, in whole or in part and to supply promptly a report under oath showing in detail the following information in so far as applicable:

(1) Raw materials on hand: Cost plus inward handling charges plus such portion of overhead as is directly applicable.

(2) Partly finished products on hand: Cost of raw material and labor, plus such portion of overhead as is directly applicable.

(3) Finished products on hand: Contract price, less freight charges if the contract or order specifies delivery at point other than factory.

(4) Special facilities: Cost of facilities specially provided and paid for by the contractor for the performance of the contract, the necessity of which was contemplated at the time the bargain was made and the cost of which was included in the contractor's original estimate. From the cost of such facilities deduct their fair value at the time the contract or order is terminated and state such portion of the remainder as is represented by the ratio of the uncompleted portion to the whole contract or order.

(5) Commitments: The contractor's commitments to suppliers, subcontractors, and others for contributing materials or work, to be determined, in so far as applicable, in the same manner as indicated in (1), (2), (3), and (4).

If the contractor claims additional compensation by reason of any other item or items, he may add such item or items, together with a detailed statement of the facts on which his claim is based.

4. Unless otherwise directed by the chief of the bureau, the contractor shall be requested to suspend work and shall not be given notice of cancellation. If a notice

of cancellation is given, the contracting officer of the Government loses his power to enter into a supplemental agreement with the contractor.

5. No allowance will be made for prospective profits; provided, however, that with the consent of the chief of the bureau an allowance of not more than 10 per cent of the cost of partly finished products on hand may be allowed.

6. If agreement is reached on a just and reasonable compensation to be paid to the contractor by reason of the suspension and termination of the contract or order, such agreement shall be embodied in a supplemental contract which shall set forth the agreed compensation and shall provide in specific terms that it constitutes full and final settlement of all questions and claims growing out of the original contract or order. Such supplemental contract shall also provide that all raw materials, partly finished products, and finished products on hand shall become the property of the United States, unless and to the extent that the parties agree that such materials and products shall remain the property of the contractor in which event the Government shall be credited with the agreed value of the same.

7. Each such supplemental contract shall provide that it shall not become a valid and binding obligation of the United States until it has first been approved by the Board of Contract Review of the supply bureau affected.

8. The chief of the bureau may direct that no such supplemental contract, or no such supplemental contract providing for payment in excess of a specified sum, shall be executed by the contracting officer unless first approved by the chief of the bureau.

9. Attention is directed to General Order No. 103, November 6, 1918, creating the Board of Contract Adjustment and empowering such board to hear and determine all claims, doubts, and disputes, including all questions of performance and nonperformance, which may arise under any contract made by the War Department in instances in which the contractor and the contracting officer have been unable to agree.

10. This circular applies solely to the termination of contracts or orders, in whole or in part, in the public interest and does not affect the right of the Government to cancel a contract or order by reason of the contractor's default, which subject is left to be determined by the provisions, if any, of the contract or order and the principles of law applicable thereto.

By authority of the Secretary of War:

GEO. W. GOETHALS,
*Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic.*

[War Department, Purchase, Storage and Traffic Division, General Staff, Supply Circular No. 112.]

WASHINGTON, November 9, 1918.

Subject: Instructions to supply bureaus of the Army on reduction and cancellation of contracts.

1. In order to avoid a chaotic condition in industry and labor if contracts are suddenly reduced, suspended, or canceled, it is desired to secure the advice and assistance of the War Industries Board. To that end the following procedure will be followed:

1. The Office of the Director of Purchase, Storage and Traffic, as in the past, will have charge of all relations between the War Department and the War Industries Board on all reductions, suspensions, or cancellations of contracts.

2. No purchase contracts for articles on the clearance list as set forth in Supply Circular No. 82, and no orders placed in the congested district will be reduced, suspended, or canceled without the approval of the Office of the Director of Purchase, Storage and Traffic. The foregoing does not apply to orders placed after October 1, 1918. Notice of such reduction, suspension, or cancellation to be given, however, to the Office of the Director of Purchase, Storage and Traffic at the same time.

3. Complete cancellation of all orders in an industry for a product may be made in all places, at the same time, without first obtaining the approval of the Office of the Director of Purchase, Storage and Traffic, but notice of such intention must be given to the Office of the Director of Purchase, Storage and Traffic in advance of such action.

4. The approval of the Office of the Director of Purchase, Storage and Traffic is required for reduction, suspension, or cancellation of orders for articles not on the clearance list or for orders not placed in the congested districts where the amount of the reduction, suspension, or cancellation exceeds \$100,000.

**PROCEDURE ON REDUCTIONS, SUSPENSIONS, OR CANCELLATIONS REQUIRING THE
THE APPROVAL OF THE OFFICE OF THE DIRECTOR PURCHASE, STORAGE AND TRAFFIC**

5. Where it is desired to reduce, suspend, or cancel contracts for articles as specified in sections 2 and 4 above, each procuring bureau will first prepare a schedule showing for each unfilled contract for the article in question the following:

1. Firm address.
2. Location of factory.
3. Type of contract,
4. Unit price.
5. Present rate of delivery.
6. Total quantity in order.
7. Amount accepted.
8. Balance due.
9. Recommended quantity to be canceled.

Request for concurrence of War Industries Board in cancellation of orders for: (Article):.....	To: Purchase, Storage and Traffic Division. From:	P. S. & T. No..... Bureau No..... Date.....
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Name and address of firm.	Location of factory.	Type of contract.	Unit price.	Present rate of delivery.	Total quantity of order.	Quantity accepted.	Balance due.	Recommended quantity to be canceled.	Concurrence of War Industries Board.
			Totals.						
(Bureau signature)									Certified

6. Four copies of the above schedule will be submitted to the External Relations Branch, Division of Purchase, Storage and Traffic. Two copies will be routed to the appropriate section of the War Industries Board, one copy to the Army commodity chairman, and one copy retained in the files of the branch.

7. The commodity sections of the War Industries Board will forthwith either approve the reductions of orders recommended by the procuring bureau or will modify the proposed reductions either as a whole or in individual cases, having in mind: (a) The effect of the proposed cancellation on the industry; (b) the effect on the given locality; (c) the effect on the given contractor.

The action of the commodity section of the War Industries Board will be noted on the two schedules submitted to it, one of which will be returned immediately to the External Relations Branch. The External Relations Branch will note action of War Industries Board on its file copy, returning original schedule to the procuring bureau.

8. Unless advised to the contrary, the War Industries Board and the Division of Purchase, Storage and Traffic will act on the assumption that cancellations authorized as above are immediately put into effect.

**PROCEDURES ON CANCELLATIONS NOT REQUIRING THE APPROVAL OF THE OFFICE OF
DIRECTOR OF PURCHASE, STORAGE AND TRAFFIC.**

9. Procuring bureaus will keep records of reductions, suspensions, or cancellations of contracts not requiring the approval of the Office of the Director of Purchase, Storage and Traffic, so that information in regard to such contracts may be promptly prepared from time to time as called for by the Office of the Director of Purchase, Storage and Traffic.

By authority of the Secretary of War:

GEO. W. GOETHALS,
Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic

(S. C. 114.)

[War Department, Purchase, Storage and Traffic Division, General Staff. Supply Circular No. 114.]

WASHINGTON, November 13, 1918.

Subject: Interpretation of Supply Circular No. 112.

1. In connection with Supply Circular No. 112, several questions have been asked in regard thereto.

2. Facilities as well as supplies are covered by Supply Circular No. 112, and the conditions and limitations of reduction, suspension, or cancellation in each of the various paragraphs applies to facilities as well as supplies, and to act intelligently on such request for reduction, suspension, or cancellation of contracts for facilities the following information should be furnished:

- (1) Location of new facility.
- (2) Purpose of such facility.
- (3) Final estimate of cost.
- (4) Cost to date.
- (5) Percentage of completion.
- (6) Number of laborers employed at this date.
- (5) Percentage of completion.
- (6) Number of laborers employed at this date.
- (a) Skilled.
- (b) Unskilled.
- (7) Reasons for cancellation.
- (8) Recommendation of method of suspension and number of men that will be released.

3. In reference to paragraph 4 of Supply Circular No. 112, any orders placed subsequent to October 1 may be reduced, suspended, or canceled without approval of the office of the Director of Purchase, Storage and Traffic.

4. In the case of contracts and orders for supplies or facilities, when the unfilled portion of such contract is less in amount than \$25,000, reductions, suspensions, or cancellations may be made under such regulations as the chiefs of bureaus may establish, without reference to the office of the Director of Purchase, Storage and Traffic. Such regulations established by the chiefs of bureaus must, however, take into account that such cancellations and reductions are made without disturbance of labor conditions.

5. When the contractor is willing to terminate contract or order for supplies or facilities, and states in writing that such termination will not be accompanied by disturbance of labor in his plant, the contract or order may be terminated without reference to the office of the Director of Purchase, Storage and Traffic, wherever the location of the work or whatever the nature of the article. In case the amount of the unfilled contract or order exceeds \$100,000, a report of such action shall be made to the office of the Director of Purchase, Storage and Traffic.

6. Notice should be given to the various contractors who are working on Government orders that no new labor should be engaged on such orders, even to replace labor that has left their employ, without the approval of the procuring office.

7. No new contracts shall be placed by contractors on supplies or with subcontractors without the approval of the procuring office.

8. Contracts on which work has not been begun or commitments made may be suspended without reference to the office of the Director of Purchase, Storage and Traffic.

By authority of the Secretary of War.

GEO. W. GOETHALS,
*Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic.*

War Department, Purchase, Storage, and Traffic Division, General Staff. Supply Circular No. 116.

WASHINGTON, November 18, 1918.

Subject: Contract provisions on adjustment of labor disputes.

1. In accordance with authority granted by order of the Secretary of War, dated November 5, 1918, the following mandatory provisions may be used, when the parties agree, in lieu of the provisions on "Adjustment of labor disputes," as set forth in order of the Secretary of War dated August 30, 1918, and in Supply Circular No. 88:

"In the event that labor disputes shall arise directly affecting the performance of this contract, and causing or likely to cause any delay in making the deliveries, the Secretary of War may settle or cause to be settled such disputes, and the parties hereto agree to accede to and comply with all terms of such settlement. If the contractor is thereby required to pay labor costs higher than those prevailing in the performance of this contract immediately prior to such settlement, the Secretary of War or his special representative, duly authorized thereto in writing, in making such settlement and as part thereof shall direct that a fair and just addition to the contract price be made therefor, but if such settlement reduces such labor costs to the contractor, the Secretary of War or his representative shall direct that a fair and just deduction be made from the contract price. No claim for addition shall be made unless the increase was ordered in writing by the Secretary of War or his duly authorized representative, and such addition to the contract price was directed as part of the settlement. Every decision or determination made under this article by the Secretary of War or his duly authorized representative shall be final and binding upon the parties hereto. Compliance with the provisions of this article shall be of the essence of this contract."

2. In accordance with said order of the Secretary of War, dated November 5, 1918, attention is directed to the fact that said order of August 30, 1918, does not require the discontinuance of the practices of the various supply bureaus in inserting in their contracts clauses dealing with industrial relations not mentioned in said order and which are not inconsistent with any of the clauses contained in said order.

By authority of the Secretary of War:

GEO. W. GOETHALS,
Major General, Assistant Chief of Staff,
Director of Purchase, Storage and Traffic.

Ordinance Claims Board Circular No. 2 (Revised).

DISPOSITION OF ORDNANCE CONTRACTS AND CLAIMS ARISING THEREUNDER.

CONTRACT SUSPENSIONS, CANCELLATIONS, AND CLAIMS.

- I. Organization.
- II. Personnel of district claims board.
 1. Number of members.
 2. Qualifications of members.
 3. Responsibilities.
 4. The contracting officer.
 5. The staff.
- III. Jurisdiction.
- IV. Procedure—Negotiated settlements.
 - A. Suspension requests and cancellation notices.
 1. Forms of suspension requests.
 2. Mode of issue and delivery of same.
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 - B. Information to be furnished by the contractor.
 - Statement of claim.
 - Recapitulation sheets.
 - Detail sheets.
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 - Contents of.
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 1. When such may be made.
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 3. Provisions when title passes to the United States thereunder.
- Settlements under termination clauses.
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 2. Contractor's statement of claim.
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 - a. Submission to contractor.
 - b. Contractor's action thereon.

IV. Procedure—Negotiated settlements—Continued.

F. Settlements under termination clauses—Continued.

5. Contractor's answer.
6. Hearings.
7. Action of the board thereon.
8. Award or settlement and submission of same to contractor.
9. The settlement contract.
10. Partial settlements.
11. Appeals.

V. Precautions in case of advance payments.

VI. Arsenal contract claims.

VII. Secretary's office, district claims board.

1. Functions generally.
2. The staff, personnel, etc.
3. The office force.

VIII. Office records of the district claims board.

Appendix of forms.

I. ORGANIZATION.

By office order No. 381 there has been created a claims board in the Ordnance Department. District claims boards for each ordnance district are in course of formation. The latter shall be boards of first instance and the former shall be a board of supervisions and review and shall have such other duties as may be assigned to it.

Such boards are to act as aids to the United States and to contractors in arriving at, and in so far as possible, settling all claims rapidly and in an orderly manner without the expense and delay incident to legal or judicial proceedings.

II. PERSONNEL.

1. *Number and qualification of members.*—Each of the district claims boards shall consist of five members, to be chosen by the district chief, with a secretary and other personnel in form of staff hereinafter described. The members shall be chosen so far as practicable from among the officers and other persons who have served in the Ordnance Department in the district in which the board shall sit.

2. The district chief shall be a member and chairman of the board; another should be a business man well and favorably known in the particular community and with suitable qualifications; another should be a person familiar with the financial operations of the ordnance district with special reference to payments to contractors and status of contracts and another may be one who understands the status of production under the various contracts in the district and the practical work and method of output.

3. The responsibilities of the district claims board require, for satisfactory discharge, impartial judgment, great discretion, and a high sense of public duty. While undoubtedly the great majority of contractors desire and will try to obtain only just and equitable treatment, there will inevitably be those who will press claims unjustifiable either in whole or in part. The district boards in their negotiations should bear in mind the necessity for seeing that the record in each settlement contains reasonably sufficient evidence to justify the conclusions reached.

4. *Contracting officer.*—One of the board, an officer, shall be appointed contracting officer in order to execute settlement contracts as hereinafter outlined.

5. *Staff.*—Attached to the board shall be a lawyer of suitable experience and other assistants, such as accountants, engineers, etc., and such other members with proper experience as may be deemed advisable, hereinafter denominated as the staff.

III. JURISDICTION.

District claims boards shall have jurisdiction over—

(a) The negotiation, settlement, and payment of claims of contractors arising out of the suspension of operations under or the cancellation or curtailment of ordnance contracts or orders.

(b) All other claims arising out of the performance of contracts or otherwise, which have not been adjusted prior to cancellation or completion, and which are within the powers of the Chief of Ordnance to determine: *Provided, however,* That every award or settlement of a district claims board shall be submitted for approval to the claims board of the Ordnance Department.

If a district board shall be in doubt as to whether or not a particular claim falls within its power to settle under existing rules and laws, a tentative settlement or

award shall be made by the district claims board and submitted to the claims board of the Ordnance Department for final approval or other action.

(c) Nothing contained in this circular as to suspension requests shall apply in the case of existing cost plus contracts of which cancellation is desired.

Cost plus contracts will in so far as possible, be canceled and closed in accordance with the provisions thereof contained in the contract. Cost-finding methods are already in use in the administration of these contracts and they will continue in operation under the present methods to a conclusion.

Should it be impossible or impracticable to effect a settlement of indefinite items such as fixed and variable profits, so as to effect prompt payments under such contracts, then the procedure herein outlined as to settlements and supplemental contracts shall apply so far as practicable.

IV. PROCEDURE.

NEGOTIATED SETTLEMENTS.

A. Suspension requests and cancellation notices.

1. Attached marked forms G, H, I, J, K, and L are specimen copies of forms which will be used by the procurement division in requesting a suspension in whole or in part of operations under:

- (a) Orders or contracts containing no provision for cancellation.
- (b) Contracts containing provisions for termination.

These forms will be used in connection with all fixed-price contracts or orders where a cessation of work and ultimate cancellation is desired.

2. Suspension requests in this form duly signed by the proper contracting officer of the procurement division will be forwarded at the direction of the claims board to the district claims boards for forwarding to the contractors concerned. Acknowledgment indicating the compliance or the contrary will, in accordance with the prescribed form, be returned to the Procurement Division, Ordnance Office, which will notify the claims board thereof.

In case of any contract or order as to which the district claims board deems it especially desirable in the interest of the United States that a suspension be promptly had, it shall communicate its recommendations and the reasons therefor to the claims board.

3. The purpose of this form of request is to permit of the making of a settlement contract which shall provide for the cancellation, settlement, and adjustment of any existing contract. This should secure a more prompt settlement and payment than would be practicable under the term of an existing contract or one in which no way is provided for termination of an existing contract or order.

4. *Cancellation notice.*—If the contractor shall be unwilling to comply with the request and his contract contains provisions for termination then a cancellation notice shall be at once served by the procurement division in accordance with the contract provisions therefor.

5. *Desirability of negotiation.*—It is desirable wherever possible to avoid the amount of detail work which will be involved in establishing fixed price contracts on a cost-plus basis, or where difficult and intricate cost findings would be necessary for the exact determination of each item of a formal claim. In order then to effect a prompt settlement and permit such payments as may enable the contractor to turn to an industrial line of manufacture, it is expected that negotiations will result in the majority of cases in an early settlement which will be of advantage to the United States, and will be of undoubted benefit to the contractor in the elimination of cost-finding difficulties and expenses, and in the early satisfaction of his financial requirements.

B. Information to be furnished by contractors.

Immediately upon compliance with the suspension request the district claims board shall request the contractor to present a statement of claim.

The contractor will be furnished through the district office with forms, as indicated in (a) and (b) below and upon which the claim should be made up whenever possible and practicable. When the district board shall find the use of such forms impossible or impracticable, it may permit such other written method of presenting the claim as will allow of proper examination and determination.

(a) Recapitulation sheets which shall state the contractor's claim in succinct form and briefly give a description of each general item of claim and the amount thereof. The original shall have at the end a verification sworn to by the contractor to the effect that he has read and knows the contents of the sheets and believes them to be true, and that they constitute a just claim against the United States.

(b) Detail sheets on which accounts may be stated at length and grounds for claims set forth in full with affidavits of experts if desired.

In those cases where the contract or order does not provide for termination the statement of claim under oath shall in so far as applicable contain the information required in such case in Supply Circular No. 111, as follows:

(a) Raw materials on hand, cost-plus inward handling charges, plus such portion of overhead as is directly applicable.

(b) Partly finished products on hand, cost of raw material and labor plus such portion of overhead as is directly applicable.

(c) Finished products on hand, contract price, less freight charges, if the contract or order specified delivery at point other than factory.

(d) Special facilities, cost of facilities specially provided for by the contractor for the performance of the contract, the necessity of which was contemplated at the time the bargain was made, and the cost of which was included in the contractor's original estimate. From the cost of such facilities deduct their fair value at the time the contract or order is terminated and state such portion of the remainder as is represented by the ratio of the uncompleted portion to the whole contract or order.

(e) *Commitments*.—The contractor's commitments to suppliers, subcontractors, and others for contributing materials or work, to be determined, in so far as applicable, in the same manner as indicated in (a), (b), (c), and (d).

If the contractor claims additional compensation by reason of any other item or items, he may add such item or items together with a detailed statement of the facts on which his claim is based.

The contractor shall forward the original and five copies of his recapitulation and detail sheets to the secretary of the district board. The secretary shall file the original and one copy, and shall deliver the other copies to the proper persons attached to the board for the purpose of performing the functions assigned to them.

C. Examination of claim.

Such statement when received by the district board will be investigated and verified with all expedition consistent with due regard for the public interest. Inventories of material worked or unworked should be checked when practicable, or verified by spot checking. Machine tools and equipment, other than cutting tools which are or become the property of the United States as a result of the contract, will be accurately listed and appraised.

D. Meetings and conferences.

With the statement of the contractor in hand and after examination and investigation thereof, the board will set a date and place for meeting and conference with the contractor and his representatives. Such meetings may be informal, with such stenographic minutes as the board may desire. The purpose shall be to rapidly clear any points of difference between the claim as presented and the fact shown upon examination, looking to the definite conclusion of a settlement equitable both to the contractor and the United States.

E. The settlement contract.

1. Immediately upon arriving at the terms of the settlement, such terms shall be embodied in a settlement contract as prescribed, which shall provide for the cancellation of the original contract or order, the payment of any sums agreed upon, and a release to the United States from all claims of any nature whatsoever arising out of and incident to the original contract.

2. Such settlement, in order that a contractor may transfer his employees to other work, may include the lease or sale in whole or in part of any Government property at his plant at a fair price, the value to be taken into consideration in the cash settlement.

3. The settlement contract shall determine all questions of title.

4. In case such settlement contract shall involve the sale or transfer of title to property from the United States, such sale or transfer is subject to the approval of the Director of Purchase, Storage and Traffic in the classes of cases now or hereafter specified by law, regulations, or supply circulars. For such approval submission will be made to the claims board for reference.

5. Outline forms for such settlement contracts are hereto attached. Such contracts shall be executed and payment thereon directed in the manner stated in paragraphs 8, 9, and 10, pages 1, 8, and 9 hereof.

F. Partial settlement.

1. In the event that the aforesaid negotiations shall not result in complete agreement the District Claims Board may enter into an agreement providing for the payment of 50 per cent of the amount which may be found by the board to be the minimum amount which the contractor is entitled to receive, which percentage may, however, if approved by the claims board, be as much as 75 per cent. In such case of any partial payment the contractor shall also agree that any additional sum found by the

Secretary of War to be just and proper will be accepted by him in final satisfaction, and that he surrenders and waives any right of recourse to any other or further tribunal with regard to any matters arising out of his contract, or the performance thereof, or otherwise.

2. This agreement shall be in the form of a settlement contract.

3. In the event that title to property passes to the United States under such agreement such settlement contract shall determine and fix, so far as practicable all questions of title relating to said property.

INABILITY TO REACH AN AGREEMENT BY NEGOTIATION.

At any stage of the proceedings should it appear to be to the interest of the United States, or if it is impossible to settle by negotiation, the procedure hereinafter outlined shall be followed:

SETTLEMENTS UNDER TERMINATION CLAUSES.

1. A cancellation notice, will be forwarded by the contracting officer of the Procurement Division to the chief of the district office having jurisdiction over the contract. The district chief shall immediately have such notice served upon the contractor in accordance with the terms of the contract.

Upon receipt of acknowledgment from the contractor the Procurement Division will notify the claims board thereof.

2. *Statement of claims.*—If not already presented in proper form the contractor will be furnished through the district office with forms for presentation of his claim. The claims shall be made up on these forms so far as applicable under the provisions of the termination clause of the contract, but in any event upon the following basis:

(a) Recapitulation sheets which shall state the contractor's claim in succinct form and briefly give a description of each general item of claim and the amount thereof. The original shall have at the end a verification sworn to by the contractor to the effect that he has read and knows the contents of the sheets and believes them to be true, and that they constitute a just claim against the United States.

(b) Detail sheets on which accounts may be stated at length and the grounds for such claims set forth in full with affidavits of experts if desired.

The contractor shall forward the original and five copies of his statement of claim to the secretary of the district board. The secretary shall file the original and one copy, and shall deliver the other copies to the proper persons attached to the board for the purpose of performing the functions assigned to them.

3. *Examination of claims and staff report.*—The staff members with the aid of their assistants shall examine the contractor's claim and make examinations, audits, inspections, tests, and enumerations, take such other steps as may be required at the plant of the contractor and elsewhere to verify such claims, and the details thereof, and report their conclusions thereon, together with recommendations. If their conclusions agree with those contained in the contractor's claim they shall signify that fact by executing the appropriate certificates thereon. If they do not so agree they shall make a separate report. This staff report, in five copies filed with the secretary of the board, shall be made up of:

(a) Recapitulation sheets which shall state the conclusions of the staff in succinct form and briefly give a description of each item and the amount, if any, recommended to the board to be paid thereunder, and the original shall be certified by the members of the staff making the report.

(b) Detail sheets giving the details, figures, reports, opinions, and other matter upon which the staff report conclusions and recommendations are based. The accuracy of the detail sheets shall be verified by the members of the staff or by such of their assistants as have prepared the same.

4. *Action on staff report.*

(a) *Submission to contractor.*—The secretary of the board shall file the original and one copy of the staff report. He shall promptly forward to the contractor two copies of the staff report, together with a letter of transmittal instructing the contractor to examine the same and to indicate by filling in and signing the indorsement at the foot, whether he approves and accepts the amounts as shown therein, or disapproves them; and to return one copy so indorsed to the secretary of the board within 10 days from the date of the letter of transmittal.

(b) *Contractor's action.*—The contractor should indicate his approval or disapproval at the very earliest moment. In case the contractor returns the staff report with a disapproval indorsed thereon, he shall at the same time forward to the board a contractor's answer (more fully described hereafter) or a request for an oral hearing by the board.

5. *Contractor's answer.*—This document shall be drawn in two parts in the same general manner as the contractor's claim, but its contents shall be confined to those matters in which the staff report states different conclusions or different amounts than the contractor's claim. In case, however, any item or different amount stated in the staff report is agreed to by the contractor, then such item or amount shall not be commented upon in the contractor's answer except in so far as to indicate the contractor's assent thereto. The contractor's answer shall have an affidavit of verification executed on the last recapitulation sheet thereof, which answer shall consist of an original and five copies.

The secretary of the board shall file the original contractor's answer and one copy thereof.

6. Hearings may be held on request of the contractor made as indicated above, or at the discretion of the board, at any time and place fixed by the board. The contractor may appear in person and offer relevant testimony and for the same purpose may bring with him such of his employees and experts as to value and books of accounts as he may desire. The board may call before it any members of the staff and their assistants and examine them with regard to any matters relevant to the questions before it and may also permit the contractor to so question them.

All testimony shall be under oath, including both the evidence offered on behalf of the contractor and that on behalf of the Government, and every officer of the board shall be empowered to administer oaths for this purpose. Such testimony and any arguments submitted in connection with the hearings shall be reduced to writing. The contractor may submit briefs in form satisfactory to the board.

7. *Action of the board.*—Upon final submission of the case to the board it will proceed as expeditiously as possible to determine the claim. It shall take into consideration in this respect:

- (a) The original claim as filed.
- (b) The report of the staff.
- (c) Contractor's answer.
- (d) Oral testimony, evidence, and arguments.

The concurrence of any three members of the board in the amount found or in disallowing the claim shall be conclusive on the board. A dissenting member of the board may, however, file with the secretary a signed statement showing the reason for such dissent and the amount believed by him to be a correct award, and such statement and a copy thereof shall be filed by the secretary of the board with the documents in the matter.

8. *Awards or settlements and submission to contractors.*—All awards or settlements shall be reduced to writing. The secretary of the board shall file the original and one copy and shall promptly forward to the contractor two copies thereof, together with a letter instructing the contractor to examine the same and to indicate at the foot whether he approves and accepts it, or disapproves, and to return one copy so indorsed to the secretary of the board within 10 days from the date of the letter of transmittal. If the contractor shall indicate his approval, then the award or settlement shall be sent to the claims board for approval. On receipt of the same with such approval thereon it shall also be signed by the contracting officer of the board and filed.

9. *Settlement contract.*—A settlement contract in accordance with Paragraph IV-E herein above shall be prepared and signed by the contractor and on behalf of the United States, by the member of the board designated as contracting officer. Thereupon an order shall be issued by the contracting officer, by approval for payment of the voucher or otherwise, directing the disbursing officer to make payment in accordance with the terms of the award.

10. *Agreement of partial settlement.*—If the contractor does not accept the award, the district claims board may enter into a settlement contract in like manner as in Paragraph IV-F hereinabove stated.

11. *Appeal.*—In the event that a claim of a contractor can not be settled through the medium of the district claims board, the papers shall be forwarded to the Ordnance claims board at Washington, together with a complete transcript of the case; and the matter may be submitted through the Ordnance claims board at Washington for consideration by the board created under General Orders No. 103, providing for a contract adjustment board. This is the board which will determine for the Secretary of War the final amount to be awarded contractors under the provisions of the settlement contract referred to in Paragraph IV-F above.

V. PRECAUTIONS IN CASE OF ADVANCE PAYMENTS.

1. District claims boards in effecting settlements should give particular attention to those contracts under which advance payments have been made and not completely recouped.

In every case where a contractor has received an advance payment, no suspension request shall be operative and no settlement contract whether providing for complete or partial payment shall be entered into until the same shall have been consented to in writing in each instance by the sureties, indorsers, or guarantors for the contractor. No suspension requests are to be sent out to such contractors except on the forms expressly providing for such consents.

VI. CLAIMS ARISING OUT OF CONTRACTS MADE BY UNITED STATES ARSENALS.

All claims arising out of contracts made with United States arsenals shall be settled in accordance herewith by the district claims board of the district in whose territory the contractor's plant is located.

For the purposes of settlement of such contracts the commanding officer of the arsenal with which the contract was made shall upon the request of the district claims board appoint an officer who shall sit with the district claims board in an advisory capacity as to settlements, relating to the contracts of that arsenal.

VII. OFFICE OF THE SECRETARY OF THE DISTRICT CLAIMS BOARD.

1. The secretary of the district claims board shall have charge of the personnel of the district claims board and of the filing of all records and documents of the district board, and of the calendar of hearings, and it shall be his duty to send out at the proper time all notices and all forms required by the board; he shall keep records of all proceedings and shall file minutes of hearings, prepare awards, settlements and settlement contracts pursuant to the directions of the board; he shall transmit records to the recorder of the claims board; he shall select and control the clerical and stenographic force for the board and for his office, and shall perform such other duties as shall be assigned to him by the board from time to time.

2. The staff shall consist of such experts as may be needed including the following: Cost accountants, engineers, appraisers, real estate experts, and others qualified along special technical lines. Whenever a contractor's statement of claim is placed in the hands of the staff or any of its members by the board or its secretary, they shall examine and investigate the claims both at their offices or in the field and report thereon upon the prescribed forms in full, giving details, conclusions, and recommendations.

The secretary may advise with the members of the staff and with their assistants whenever and as often as he may deem advisable. He may call conferences of such members of the staff as he may desire to have assist him, particularly in determining to which members thereof contractor's statement of claims should be sent for report.

3. The office force of the secretary shall comprise:

(a) Persons of sufficient training and skill to draw the awards, settlements, and settlement contracts and other documents in accordance with the record and papers in the proceedings and the directions of the board; and to assist the staff in drawing staff reports.

(b) A trained clerical force of stenographers, typists, record and correspondence clerks.

(c) A managing clerk who shall take special charge of the calendar of hearings, and who shall be charged with the duty of sending out all papers within the times required. He shall have an assistant who shall be in charge of the tickler cards.

(d) He shall have such other assistants as may be required to take charge of the office detail work.

VIII. OFFICE RECORDS.

The secretary of the board shall maintain:

(1) A calendar of hearings.

(2) A tickler card system showing for each matter the steps to be taken and dates for each and upon which the accomplishment of each step shall be noted as made. These cards shall be alphabetically arranged according to the names of contractors and properly cross indexed.

(3) A register, typewritten loose-leaf, arranged with separate pages for each matter and containing a chronological entry of all steps taken and important matters transpired with relation to each matter.

(4) A file, with lock, in which shall be kept, in alphabetical order under the names of contractors, and properly cross indexed, all the original documents in that proceeding. The documents in each proceeding to be kept together in its own folder. No papers shall be taken from this file except when requested by the board or a member, or for presentation to the board at a hearing or session, or when the same are to be transmitted to Washington.

(5) A file kept similarly to the foregoing and containing complete sets of copies of the documents in each proceeding, subdivided within each folder so that the copies of the contractor's papers are always together.

(6) A correspondence and general file.

(7) Such indexes for the foregoing files as may be necessary.

(8) A file to contain copies of rulings of the board and of rulings of other boards when received, and a subject index of rulings that may be contained in such findings.

(9) Color of papers. All documents of contractors shall be drawn on white papers, and all documents and correspondence of the board shall be on yellow or other colored papers if obtainable. All documents, forms, letters and other papers shall as nearly as may be conform to the standard size letter paper, namely, 8 by 10½ inches, or legal cap.

(10) All correspondence and copies of same not filed in the document file shall be filed in the general file and numbered and kept according to the system of the War Department correspondence file.

By authority of the Chief of Ordnance.

W. S. PEIRCE,
Brigadier General, Ordnance Department, United States Army,
Chairman of the Claims Board.

FORM G.—(This form to be used as a notice where the contract or order contains no termination provision.)

NOVEMBER —, 1918.

SUSPENSION REQUEST.

SIRS: 1. By direction of the Chief of Ordnance you are requested in the public interest to immediately suspend further operation under your {contract
order} with the United States, War Ord. No. ———, and as far as possible to order no further materials or facilities and enter into no further subcontracts and make no further commitments, and incur no further expense in connection with the performance of said {contract
order}.

2. This request is made with a view to negotiation of a supplemental contract providing for the cancellation, settlement and adjustment of your existing {contract
order} in a manner which will permit of prompt settlement and payment.

3. Kindly acknowledge receipt of this notice immediately and indicate your decision as to compliance with this request in order that a representative of the Ordnance Department may forthwith take up with you the proposed negotiation.

Very truly yours,

FORM H.—(This form to be used as a notice where the contract contains a termination provision.)

NOVEMBER —, 1918.

SUSPENSION REQUEST.

SIRS: 1. By direction of the Chief of Ordnance you are requested in the public interest to immediately suspend further operations under your contract with the United States, War Ord. No. ———, and so far as possible to order no further materials or facilities and enter into no further subcontracts and make no further commitments and incur no further expenses in connection with the performance of said contract.

2. This request is made with a view to negotiation of a supplemental contract providing for the cancellation, settlement, and adjustment of your existing contract in a manner which will permit of a more prompt settlement and payment than will be practicable under the terms of said existing contract.

3. Kindly acknowledge receipt of this notice immediately and indicate your decision as to compliance with this request in order that a representative of the Ordnance Department may forthwith take up with you the proposed negotiation.

Very truly yours,

FORM I.—(*This form to be used as a notice in case of partial suspension where the contract or order contains no termination provision.*)

REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN: 1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your {contract} {order} with the United States, War-Ord-No. except such operations as may be necessary to complete delivery thereunder of a total (including all deliveries heretofore made) of You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said {contract} {order}.

2. This request is made with a view to the negotiation of a supplemental contract providing for the modification, settlement, and adjustment of your existing contract or order, in a manner which will permit of a prompt settlement.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Upon notice of your compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Ordnance Department, United States Army, Contracting Officer

FORM J.—(*This form to be used as a notice in case of partial suspension where the contract or order contains a termination provision.*)

REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN: 1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your {contract} {order} with the United States, War Ord. No. except such operations as may be necessary to complete delivery thereunder of a total (including all deliveries heretofore made) of You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further sub-contracts, make no further commitments, and incur no further expenses in connection with the performance of said {contract} {order}.

2. This request is made with a view to the negotiation of a supplemental contract providing for the modification, settlement and adjustment of your existing contract or order, in a manner which will permit of a more prompt settlement than will be practicable under the terms of said existing contract.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Upon notice of your compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Ordnance Department, United States Army, Contracting Officer.

ORDNANCE CLAIMS BOARD CIRCULAR NO. 18.

CONTRACT SUSPENSIONS, CANCELLATIONS, AND CLAIMS.

(Amendments to Ordnance Claims Board Circular No. 2 (revised), and additional matters.)

1. The following amendments are made in Ordnance Claims Board Circular No. 2 (revised):

Paragraph II-4 shall read:

"Contracting officer.—Either one of the board, or some other officer in the district, shall be appointed contracting officer in order to execute settlement contracts as hereinafter outlined."

The first paragraph of IV-A-2 shall read:

"Suspension requests in this form duly signed by the proper contracting officer of the Procurement Division will be sent at the direction of the Claims Board to the district claims boards for forwarding to the contractors concerned. Acknowledgment in duplicate indicating compliance or the contrary, in accordance with the prescribed form, will be sent by the contractor to the chairman of the district claims board, by whom a copy will be forwarded to the Procurement Division, Ordnance Office, which will notify the Claims Board thereof."

(The forms of Suspension Request have been modified to meet the foregoing requirements, and copies are hereto attached.)

Paragraph IV-1, on page 6, shall read:

"A cancellation notice will be sent by the contracting officer of the Procurement Division to the chief of the district office having jurisdiction over the contract. The district chief shall immediately have such notice served upon the contractor in accordance with the terms of the contract, and upon receipt of acknowledgment of the same from the contractor shall notify the Procurement Division."

Paragraph IV-9, on page 9, shall read:

"9. *Settlement contract.*—A settlement contract, in accordance with paragraph IV-E hereinabove, shall be prepared and signed in duplicate by the contractor, and on behalf of the United States by the contracting officer for the district claims board. This settlement contract in duplicate with the complete original record, proceedings, testimony, etc., and a transcript of the register entries relating to the matter shall be forwarded forthwith to the Claims Board for its action. There may be prepared and inclosed with the original record a brief statement showing any additional facts which the board considers should be emphasized. The records and papers shall be placed in a folder (sufficiently large to hold legal cap size documents) before sending. The folder shall have printed on the front a digest, as shown on the sheet herewith, and the items required to be stated therein shall be filled out so far as they are known or accomplished. Upon the return to the district claims board of one of the copies of the settlement contract with the approval of the Claims Board indorsed thereon, an order shall be issued by the contracting officer, approving payment of the voucher or otherwise directing the disbursing officer to make payment in accordance with the terms of the settlement contract."

Paragraph IV-11, on page 9, shall read:

"11. *Appeal.*—In the event that the claim of a contractor can not be settled either wholly or for partial payment through the medium of the district claims board, the papers shall be forwarded to the Claims Board at Washington, together with a complete transcript of the case, and the contractor should then be advised that the matter may be submitted on appeal either to the Claims Board for complete determination or for partial payment; or directly to the Board of Contract Adjustment, as organized by General Orders, No. 103, of November 6, 1918, for complete determination. The last-named board represents the Secretary of War on all matters within its jurisdiction."

2. *Transfer of title from the United States.*—Attention is called to Supply Circular No. 119, which fixes the maximum value of property that may be transferred from the United States without the approval of the Director of Purchase, Storage and Traffic, at \$100,000. All transfers of buildings, plants, factories, or lands must be submitted for the approval of the Director of Purchase, Storage and Traffic. This should be noted in connection with IV-E-4 of Ordnance Claims Board Circular No. 2 (revised.)

3. A form of letter for transmitting the outline of method for presentation of claims of contractors and forms of statements of claim papers to contractors has been drawn and will be used in making all such transmissions.

4. Sufficient copies of the outline of method of presentation of claims of contractors and other forms and papers will be prepared and sent to the district claims board for distribution to contractors. Ordnance Claims Board Circular No. 2 (revised) is intended for the use of district claims boards only and not for general distribution, as it contains much that relates wholly to the detail conduct of the board and its office to others.

5. Hereto attached is a form of award to be used as a guide in making up the findings of the board. This should be modified in each case to meet the facts, statements as to contractor's answer, staff report, hearings, etc., being omitted where none were submitted or occurred. The schedule must be firmly affixed to the sheet signed by the members of the board, so as to prevent removal or loss.

6. *Distinguishing marks on statement of claim, staff report, and contractor's answer.*—As identical form sheets are used for all of the above documents, it is required that each sheet used for any of the foregoing shall be clearly marked to distinguish same at the time of use, or by the secretary of the district board immediately upon receipt

FORM I.—(This form to be used as a notice in case of partial suspension where the contract or order contains no termination provision.)

REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN: 1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your {contract} {order} with the United States, War-Ord-No. except such operations as may be necessary to complete delivery thereunder of a total (including all deliveries heretofore made) of You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said {contract} {order}.

2. This request is made with a view to the negotiation of a supplemental contract providing for the modification, settlement, and adjustment of your existing contract or order, in a manner which will permit of a prompt settlement.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Upon notice of your compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Ordnance Department, United States Army, Contracting Officer

FORM J.—(This form to be used as a notice in case of partial suspension where the contract or order contains a termination provision).

REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN: 1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your {contract} {order} with the United States, War Ord. No. except such operations as may be necessary to complete delivery thereunder of a total (including all deliveries heretofore made) of You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further sub-contracts, make no further commitments, and incur no further expenses in connection with the performance of said {contract} {order}.

2. This request is made with a view to the negotiation of a supplemental contract providing for the modification, settlement and adjustment of your existing contract or order, in a manner which will permit of a more prompt settlement than will be practicable under the terms of said existing contract.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Upon notice of your compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Ordnance Department, United States Army, Contracting Officer.

ORDNANCE CLAIMS BOARD CIRCULAR NO. 18.

CONTRACT SUSPENSIONS, CANCELLATIONS, AND CLAIMS.

(Amendments to Ordnance Claims Board Circular No. 2 (revised), and additional matters.)

1. The following amendments are made in Ordnance Claims Board Circular No. 2 (revised):

Paragraph II-4 shall read:

"Contracting officer.—Either one of the board, or some other officer in the district, shall be appointed contracting officer in order to execute settlement contracts as hereinafter outlined."

The first paragraph of IV-A-2 shall read:

"Suspension requests in this form duly signed by the proper contracting officer of the Procurement Division will be sent at the direction of the Claims Board to the districts claims boards for forwarding to the contractors concerned. Acknowledgment in duplicate indicating compliance, or the contrary, in accordance with the prescribed form, will be sent by the contractor to the chairman of the district claims board, by whom a copy will be forwarded to the Procurement Division, Ordnance Office, which will notify the Claims Board thereof."

(The forms of Suspension Request have been modified to meet the foregoing requirements, and copies are hereto attached.)

Paragraph IV-1, on page 6, shall read:

"A cancellation notice will be sent by the contracting officer of the Procurement Division to the chief of the district office having jurisdiction over the contract. The district chief shall immediately have such notice served upon the contractor in accordance with the terms of the contract, and upon receipt of acknowledgment of the same from the contractor shall notify the Procurement Division."

Paragraph IV-9, on page 9, shall read:

"9. *Settlement contract.*—A settlement contract, in accordance with paragraph IV-E hereinabove, shall be prepared and signed in duplicate by the contractor, and on behalf of the United States by the contracting officer for the district claims board. This settlement contract in duplicate with the complete original record, proceedings, testimony, etc., and a transcript of the register entries relating to the matter shall be forwarded forthwith to the Claims Board for its action. There may be prepared and inclosed with the original record a brief statement showing any additional facts which the board considers should be emphasized. The records and papers shall be placed in a folder (sufficiently large to hold legal cap size documents) before sending. The folder shall have printed on the front a digest, as shown on the sheet herewith, and the items required to be stated therein shall be filled out so far as they are known or accomplished. Upon the return to the district claims board of one of the copies of the settlement contract with the approval of the Claims Board indorsed thereon, an order shall be issued by the contracting officer, approving payment of the voucher or otherwise directing the disbursing officer to make payment in accordance with the terms of the settlement contract."

Paragraph IV-11, on page 9, shall read:

"11. *Appeal.*—In the event that the claim of a contractor can not be settled either wholly or for partial payment through the medium of the district claims board, the papers shall be forwarded to the Claims Board at Washington, together with a complete transcript of the case, and the contractor should then be advised that the matter may be submitted on appeal either to the Claims Board for complete determination or for partial payment; or directly to the Board of Contract Adjustment, as organized by General Orders, No. 103, of November 6, 1918, for complete determination. The last-named board represents the Secretary of War on all matters within its jurisdiction."

2. *Transfer of title from the United States.*—Attention is called to Supply Circular No. 119, which fixes the maximum value of property that may be transferred from the United States without the approval of the Director of Purchase, Storage and Traffic, at \$100,000. All transfers of buildings, plants, factories, or lands must be submitted for the approval of the Director of Purchase, Storage and Traffic. This should be noted in connection with IV-E-4 of Ordnance Claims Board Circular No. 2 (revised.)

3. A form of letter for transmitting the outline of method for presentation of claims of contractors and forms of statements of claim papers to contractors has been drawn and will be used in making all such transmissions.

4. Sufficient copies of the outline of method of presentation of claims of contractors and other forms and papers will be prepared and sent to the district claims board for distribution to contractors. Ordnance Claims Board Circular No. 2 (revised) is intended for the use of district claims boards only and not for general distribution, as it contains much that relates wholly to the detail conduct of the board and its office to others.

5. Hereto attached is a form of award to be used as a guide in making up the findings of the board. This should be modified in each case to meet the facts, statements as to contractor's answer, staff report, hearings, etc., being omitted where none were submitted or occurred. The schedule must be firmly affixed to the sheet signed by the members of the board, so as to prevent removal or loss.

6. *Distinguishing marks on statement of claim, staff report, and contractor's answer.*—As identical form sheets are used for all of the above documents, it is required that each sheet used for any of the foregoing shall be clearly marked to distinguish same at the time of use, or by the secretary of the district board immediately upon receipt

by him. For this purpose the secretary of each district claims board will promptly supply himself and furnish to the members of the staff rubber stamps in large type lettered "Statement of claim," "Staff report," and "Contractor's answer," respectively.

7. "Time received" and "Time sent" stamps will be used in the offices of all secretaries for district claim boards and great care should be taken to see that they are used on all documents and correspondence.

8. *Indorsements of approval or disapproval.*—Each secretary of a district claim board shall provide himself with a rubber stamp lettered in typewritten type as follows:

_____ 191—

We (will/will not) accept the conclusion and amount stated in the foregoing.

Contractor.

This stamp shall be impressed at the foot or on the back of each last recapitulation sheet of the staff report sent to the contractor, and also at the foot or on the back of the last sheet of each award or other finding sent by the secretary to the contractor for approval or disapproval.

By authority of the Chief of Ordnance.

W. S. PEIRCE,
*Brigadier General, Ordnance Department, United States Army,
Chairman of the Claims Board.*

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ORDNANCE,
WASHINGTON PROCUREMENT DIVISION.

SUSPENSION REQUEST.

GENTLEMEN:

1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your contract or order with the United States, War-Ord-No. _____, and to order no further materials or facilities and, except in cases of proved necessity, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract or order.

2. This request is made with a view to the negotiation of a settlement contract providing for the cancellation, settlement, and adjustment of your existing contract or order, in a manner which will permit of a prompt settlement.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Forward your acknowledgment in duplicate to the district office indicated below. Upon notice of your compliance, a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form G.

(This form to be used where the contract or order contains no termination provision.)

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ORDNANCE,
WASHINGTON PROCUREMENT DIVISION.

SUSPENSION REQUEST.

GENTLEMEN:

1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your contract with the United States, War-Ord-No. _____, and to order no further materials or facilities, and except in cases of proved necessity enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract.

2. This request is made with a view to the negotiation of a settlement contract providing for the cancellation, settlement, and adjustment of your existing contract in a

manner which will permit of a more prompt settlement and payment than will be practicable under the terms of said existing contract.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Forward your acknowledgment in duplicate to the district office indicated below. Upon notice of your compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form H.

(This form to be used where the contract contains a termination provision.)

WAR DEPARTMENT.

OFFICE OF THE CHIEF OF ORDNANCE, WASHINGTON, PROCUREMENT DIVISION.

REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN:

1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your contract, or order, with the United States War-Ord., No. ———, except such operations as may be necessary to complete delivery thereunder of a total (including all deliveries heretofore made) of ———. You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract or order.

2. This request is made with a view to the negotiation of a settlement contract providing for the modification, settlement, and adjustment of your existing contract or order, in a manner which will permit of a prompt settlement.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Forward your acknowledgment, in duplicate, to the district office indicated below. Upon notice of your compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form I.

(This form to be used in case of partial suspension where the contract or order contains no termination provision.)

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ORDNANCE,
WASHINGTON, PROCUREMENT DIVISION.

REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN:

1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your contract with the United States War Ord. No. ——— except such operations as may be necessary to complete delivery thereunder of a total (including all deliveries heretofore made) of ———. You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract.

2. This request is made with a view to the negotiation of a settlement contract providing for the modification, settlement, and adjustment of your existing contract, in a manner which will permit of a more prompt settlement and payment than will be practicable under the terms of said existing contract.

3. Please acknowledge receipt of this notice immediately and indicate your decision as to compliance with or rejection of this request. Forward your acknowledgment in duplicate to the district office indicated below. Upon notice of your compliance a

representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form J.

(This form to be used in case of partial suspension where the contract contains a termination clause.)

WAR DEPARTMENT, OFFICE OF THE CHIEF OF ORDNANCE, WASHINGTON. PROCUREMENT DIVISION.

SUSPENSION REQUEST.

GENTLEMEN:

1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your contract or order with the United States, War-Ord. No. _____, and to order no further material or facilities and, except in cases of proved necessity, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract or order.

2. This request is made with a view to the negotiation of a settlement contract providing for the cancellation, settlement, and adjustment of your existing contract or order, in a manner which will permit of a prompt settlement.

3. This request shall not be operative until consented to in writing by any and all sureties, indorsers or guarantors upon your obligations to the United States under this contract for performance, advance payment, or otherwise.

4. Please acknowledge receipt of this request immediately and indicate your decision as to compliance with or rejection of such request. Forward your acknowledgment in duplicate to the district office indicated below. The above mentioned consent should, in the event of your compliance, accompany the acknowledgment.

5. Upon receipt of such notice of compliance, a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form K.

(This form to be used where advance payments remain unrecovered and contract contains no termination clause.)

WAR DEPARTMENT, OFFICE OF THE CHIEF OF ORDNANCE, WASHINGTON, PROCUREMENT DIVISION.

SUSPENSION REQUEST.

GENTLEMEN:

1. By direction of the Chief of Ordnance, you are requested in the public interest immediately to suspend further operations under your contract or order with the United States, War-Ord.-No. _____, and to order no further material or facilities, and, except in cases of proved necessity, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract or order.

2. This request is made with a view to the negotiation of a settlement contract providing for the cancellation, settlement, and adjustment of your existing contract or order in a manner which will permit of a more prompt settlement and payment than will be practicable under the terms of said existing contract.

3. This request shall not be operative until consented to in writing by any and all sureties, indorsers, or guarantors upon your obligations to the United States under this contract for performance, advance payment, or otherwise.

4. Please acknowledge receipt of this request immediately and indicate your decision as to compliance with or rejection of such request. Forward your acknowledgment in duplicate to the district office indicated below. The above-mentioned consent should, in the event of your compliance, accompany the acknowledgment.

5. Upon receipt of such notice of compliance, a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form L.

(This form to be used where advance payments remain unrecovered and the contract contains a termination clause.)

WAR DEPARTMENT, OFFICE OF THE CHIEF OF ORDNANCE, WASHINGTON PROCUREMENT DIVISION.

REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN:

1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under your contract, or order, with the United States, War-Ord-No. ———, except such operations as may be necessary to complete delivery thereunder of a total (including all deliveries heretofore made) of ———. You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract or order.

2. This request is made with a view to the negotiation of a settlement contract providing for the modification, settlement, and adjustment of your existing contract or order, in a manner which will permit of a prompt settlement.

3. This request shall not be operative until consented to in writing by any and all sureties, indorsers, or guarantors upon your obligations to the United States under his contract for performance, advance payment, or otherwise.

4. Please acknowledge receipt of this request immediately and indicate your decision as to compliance with or rejection of such request. Forward your acknowledgment in duplicate to the district office indicated below. The above mentioned consent should, in the event of your compliance, accompany the acknowledgment.

5. Upon receipt of such notice of compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form M.

(This form to be used in case of partial suspension where advance payments remain unrecouped and the contract contains no termination clause.)

WAR DEPARTMENT.

OFFICE OF THE CHIEF OF ORDNANCE.

WASHINGTON PROCUREMENT DIVISION. REQUEST FOR PARTIAL SUSPENSION.

GENTLEMEN:

1. By direction of the Chief of Ordnance you are requested in the public interest immediately to suspend further operations under you contract, or order, with the United States, War-Ord., No. ———, except such operations as may be necessary to complete delivery thereunder, of a total (including all deliveries heretofore made) of ———. You are also requested, except for the purpose of completing such deliveries or in cases of proved necessity, to order no further materials or facilities, enter into no further subcontracts, make no further commitments, and incur no further expenses in connection with the performance of said contract or order.

2. This request is made with a view to the negotiation of a settlement contract providing for the modification, settlement, and adjustment of your existing contract or order, in a manner which will permit of a more prompt settlement and payment than will be practicable under the terms of said existing contract.

3. This request shall not be operative until consented to in writing by any and all sureties, indorsers, or guarantors upon your obligations to the United States under his contract for the performance, advance payment, or otherwise.

4. Please acknowledge receipt of this request immediately and indicate your decision as to compliance with or rejection of such request. Forward your acknowledgment in duplicate to the district office indicated below. The above-mentioned consent should, in the event of your compliance, accompany the acknowledgment.

5. Upon receipt of such notice of compliance a representative of the Ordnance Department will forthwith take up with you the proposed negotiation.

Respectfully,

Contracting Officer.

Form N.

(This form to be used in case of partial suspension where advance payments remain unrecouped and the contract contains a termination clause.)

tute a complete termination of every question or claim, legal or equitable, liquidated or unliquidated, pertaining to or growing out of said contract.

Member of the District Claims Board.
 _____, 191—.

We (will/will not) accept the conclusion and amount stated in the foregoing award.

Contractor.

The CHAIRMAN. Do you know how many contracts the Ordnance Department had in existence and not fully executed at the time of the signing of the armistice?

Gen. PEIRCE. You mean by not fully executed, live contracts which had not been completed?

The CHAIRMAN. Yes.

Gen. PEIRCE. Approximately 10,000.

SUSPENSION OF CONTRACTS.

The CHAIRMAN. To what extent have cancellations been made?

Gen. PEIRCE. Suspension notices have been sent out to approximately 60 per cent, and they are going out at the rate of about 800 a day now, and it is expected that they will be cleaned up in a week or so.

The CHAIRMAN. Is it the purpose of the Ordnance Department to suspend all contracts?

Gen. PEIRCE. Well, practically all contracts that do not themselves run out within such a short time that it was decided the best way to settle them was to let them run out, and where the material was useful and reasonably within the requirements; but practically all of the other war contracts will be terminated short of their complete fulfillment.

The CHAIRMAN. I take it that by suspending a contract you do not mean a termination of the contractual relationship, but you mean such cessation of work on the part of the contractor as will hold the matter in status quo pending an adjustment between the contractor and the Government?

Gen. PEIRCE. That is the distinction between that and a cancellation.

Mr. GILLET. May I ask whether these notices of suspension are the same to all contractors, or whether they vary?

Gen. PEIRCE. We are sending out a request for suspension to practically all contractors.

Mr. GILLET. On one form?

Gen. PEIRCE. No; there are different forms used, depending on the character of the contract. For instance, where there is a contract having a cancellation clause in it a request is made, because we can not make a demand; it is an arrangement to which the contractor must agree, and if he refuses to accept the suspension, then the cancellation clause is invoked; in certain contracts, in which there is no cancellation clause, the contractor is directed to suspend work, and then the settlement, of course, becomes a matter of negotiation.

Mr. GILLET. Then, there are two classes, and one form is sent to one class and another form to another class—practically one form to each class.

Gen. PEIRCE. Yes; except that the terms of suspension may be different: he may be requested to suspend at once or he may be requested to complete only so many articles instead of completing his full contract.

Mr. GILLETT. That is what I was getting at, whether you sent out this one form to everybody, or whether you varied it.

Gen. PEIRCE. We vary it, because some are requested to suspend at once, and others after the completion of so many articles.

The CHAIRMAN. If I understood you, of the approximately 10,000 contracts which the Ordnance Department had as live contracts at the time of the signing of the armistice, there have been suspension notices to about 60 per cent of them?

Gen. PEIRCE. About that, yes.

The CHAIRMAN. To what proportion of the remainder, which would be about 4,000, is it expected to give suspension notices?

Gen. PEIRCE. I should say approximately all.

The CHAIRMAN. I rather gathered from your statement that there were certain contracts that were so near completion that you were expecting to carry them out, and, of course, they would be contracts as to which there would not be such notices.

Gen. PEIRCE. The number, as nearly as I can estimate it offhand, is inconsiderable.

The CHAIRMAN. I assume that there has been, touching the work flowing from these contracts, as in other instances, a notification to contractors to dispense with overtime and with Sunday and holiday work?

Gen. PEIRCE. Yes.

The CHAIRMAN. Has that been universal?

Gen. PEIRCE. A notification was sent out immediately upon receipt of instructions from the Secretary of War, which were issued, I think, on either the 11th or 12th of November. There was an order issued, which can be put in the record, if you so desire.

The CHAIRMAN. You might put it in the record at this point.

WAR DEPARTMENT,
THE ADJUTANT GENERAL'S OFFICE.
Washington, November 11, 1918.

From: The Adjutant General of the Army.

To: The Chief of Ordnance.

Subject: Government contracts.

The Secretary of War directs me to notify you to stop all Sunday work, overtime, and night work on Government contracts, effective immediately.

In case your bureau desires an exception made for some particular contract or article, you will at once state the circumstances with recommendations.

J. W. RILEY, *Adjutant General.*

[First indorsement.]

ORDNANCE DEPARTMENT, *November 14, 1918.*

Official copy furnished for information and guidance.

By order of the Chief of Ordnance.

H. E. ATTERBURY,
Major, Ordnance Department, United States Army.

Copies sent to chiefs of divisions, sections, and district offices; commanding officers of arsenals, proving grounds, depots, and training camps.

Action taken by district chiefs.

OBLIGATIONS FOR ORDNANCE MATERIAL.

(See p. 839, 849, 856, 872.)

The CHAIRMAN. Your obligations as of December 1, as distinguished from disbursements, actual moneys paid out, amount to a little over \$3,333,000,000, according to the figures that have been submitted to me. To what extent have you succeeded in making final adjustments relieving the Government of those obligations?

Gen. PEIRCE. Practically no final adjustments have yet been made, but we expect them to begin coming in at once.

The CHAIRMAN. Your table indicates that you expect to make adjustments of about a little less than half in money value.

Gen. PEIRCE. That was an estimate which we were called on to make very hastily and it is an estimate that could hardly be called more than a guess. It was based on what we thought the settlements would be in a few principal cases, and assuming, as we had to assume for lack of time, that a similar rate would apply to the others.

The CHAIRMAN. There have been some large contracts that you have been able to terminate without difficulty and without much loss to the Government, for instance, your contract for powder with the Du Pont people you have been able to terminate.

Gen. PEIRCE. The termination has all been settled upon, notice has been given to them and they are operating under it.

The CHAIRMAN. That involves a very large sum, does it not?

Gen. PEIRCE. Yes.

The CHAIRMAN. A few moments ago you spoke of practically no settlements.

Gen. PEIRCE. Well, I meant by that that no cases had come up from the district board yet of the settlements under the contracts in the districts; I did not have in mind at that time the cases where contracts on which little or nothing had been done had been canceled; that was cases where an agreement as to when and how work would cease had been arrived at, but no statement of the costs had yet been rendered, that is, the liabilities that would have to be paid.

The CHAIRMAN. Perhaps we are not considering all of the factors. You have had, as I recall, something like \$8,000,000,000 of cash and \$8,000,000,000 of authorizations, and I have been speaking of \$3,333,000,000 of unpaid obligations as of December 1. Evidently that does not represent anything like the contractual obligations the Ordnance Department had created.

Gen. PEIRCE. Mr. Leach calls my attention to the fact that in addition to the item you have just mentioned, there were on the books a total of \$6,500,000,000 of reservations for approved projects which had not been carried into effect, but under which certain liabilities had been incurred. Now, just what the extent of those liabilities may be will only develop when the negotiation for a settlement under these orders is taken up.

The CHAIRMAN. Here is what I want to get, if I can. As of the 1st of December you had obligated the Government in a given amount of money; your statement shows that you had disbursed and obligated the Government in a total of six billion six hundred odd millions of dollars. Does that represent the sum total of your obligations or does it simply represent what had, by your bookkeeping, been charged against your appropriations?

Gen. PEIRCE. That is my understanding of it.

SURVEY FOR REQUIREMENTS OF ORDNANCE DEPARTMENT.

The CHAIRMAN. General, what survey has been made by your committee of the amount of material that the Ordnance Department has and will require and is likely to have to take? I assume that this survey has been made and made as a necessary predicate to any determination of the contracts you might want to carry out?

Gen. PEIRCE. The basis that was adopted for the changed military requirements after the armistice was that of the equipment needed for 48 divisions and six months' supply of ammunition, of which the equipment over in France was rated at 50 per cent of the amount that was sent over; that is, it was assumed that 50 per cent would be serviceable and would be brought back. Those are the military requirements that were set up.

The CHAIRMAN. Forty-eight divisions would contemplate an Army of what size?

Gen. PEIRCE. That is two armies, approximately a million men.

Mr. LEACH. The war basis was 1,200,000 each—2,400,000.

Gen. PEIRCE. That was not supposed to be all in active use, but to constitute the equipment and reserve equipment.

The CHAIRMAN. The Secretary of War testified that it was contemplated to reduce the Army to a peace basis of 500,000 men, and so that would indicate that you would have the initial equipment for that number of men three times in reserve?

Gen. PEIRCE. It would, Mr. Sherley. As I have explained this morning, it was found, as soon as we started to review the situation, that we would have that equipment and more before we could stop it, no matter how quickly we moved, so that, with very few exceptions that I can recall, the military requirements, so called, were no element at all in arriving at the decision as to how and when to terminate the contracts.

The CHAIRMAN. Have you come to any conclusion as to what facilities for the manufacture of munitions the government wanted to maintain or are you there in a similar situation, with facilities so created that you will have more than you would want in any event?

Gen. PEIRCE. Yes, sir; we are in the latter situation. I may say, to show the way in which the Ordnance Department has endeavored to cover the field, that in addition to this claims board which was created there was appointed an arsenals board, which was to consider the subject of what articles and to what extent the Government should manufacture after the war. In other words, What manufacturing plants should the Government maintain as Government plants after the war. There was also appointed a salvage board which was to take over the property that came to the Government as a result of the termination of these contracts, other than serviceable articles, partly completed, machine tools, equipment, and everything that became the property of the Government upon the termination of these contracts, other than completely finished ordnance material, and was to handle the question of the disposition of this property under instructions that might be received from the Division of Purchase, Storage and Traffic. That board, in relation to the claims board, begins to function when the claims board ceases. That is, when the negotiations under a contract have been finished and the

settlement of the contract agreed upon, then, the salvage board is notified of the Government property resulting from that transaction and it takes charge of it and disposes of it as may be instructed.

EQUIPMENT SHIPPED OVERSEAS.

The CHAIRMAN. Have you any accurate knowledge as to the amount of ordnance equipment which you have overseas?

Gen. PEIRCE. We have records as to what was sent over, shipped over, but as to its condition we have not.

The CHAIRMAN. What was shipped over constitutes a very small part of what you have?

Gen. PEIRCE. In some lines, and it constitutes altogether what we have in other lines.

The CHAIRMAN. But in connection with the field artillery and ammunition it constitutes a very small portion?

Gen. PEIRCE. Yes; that is true.

The CHAIRMAN. In regard to small arms, I suppose it represents all, practically. The rifles, pistols, and personal equipment came from this side?

Gen. PEIRCE. All the rifles and pistols.

The CHAIRMAN. You know accurately what you sent over?

Gen. PEIRCE. Yes, sir; what we sent over and in the larger items what was procured over there.

The CHAIRMAN. And you estimate what proportion of that will be available?

Gen. PEIRCE. Fifty per cent of the material and only the ammunition that was in our depots. The ammunition which was distributed to the line we have no record of and it is considered as expended.

The CHAIRMAN. You ought to have more than 50 per cent of guns left, should you not? For instance, take rifles. Would you have a wastage of anything like that amount?

Gen. PEIRCE. That I am unable to say, but what we were figuring on was the equipment that would be left in a serviceable condition. This was the situation: We had to get a basis on which to start at once. If we had waited to get an accurate determination from the other side, it would have taken a considerable time. We made this estimate, and the basis of it was approved by the General Staff as a starter, rather than to wait a week or two weeks to get the information accurately from the other side. As I have stated, it really has not entered into the problem at all.

OBLIGATIONS FOR ORDNANCE MATERIAL.

(See p. 837, 849, 856, 872.)

The CHAIRMAN. Early I asked you about a matter that I should like again to bring your attention, as to whether you know, in round figures, the amount of obligations that the Government stands committed to in connection with ordnance material?

SPECIFIC CONTRACTS—RESERVATIONS.

Gen. PEIRCE. We had on the books allotments covering specific contracts or specific orders given to Government establishments a total of about \$2,250,000,000. We had also on our books what are

called "reservations" amounting to about \$6,500,000,000. I will explain, if you desire, just what that reservation business is. A project is initiated in the Estimates and Requirements Division. They do not know what the actual cost of the project may be. That is they have not the final definite figures. They consequently estimate the cost of it and that estimate is entered as a reservation. That is that amount of money is reserved for the carrying out of that project. Then, the project is sent to the Procurement Division to conduct negotiations leading up to an order or contract. As fast as the successive orders or contracts are placed and the definite obligations in each case becomes known the Procurement Division requests definite allotments under each order or contract. Then those definite allotments, when made, go into the definitely obligated balance of the sum total of allotments and decrease the total of reservations. If that process were carried out to the end the reservations would disappear and there would be nothing but allotted obligations.

The CHAIRMAN. In speaking of this sum of \$6,000,000,000 or more of reservations, are we to understand that they did not become allotments in the sense in which you have spoken of?

Gen. PEIRCE. They did not.

The CHAIRMAN. There was no such relationship with third parties as to prevent their annulment at the option of the Government when it chose?

Gen. PEIRCE. That is only partially so. Before the allotment stage was reached in many cases the negotiations had been closed, but the contract had not been drawn or had not been completed, and the corresponding allotment under that contract not requested. Nevertheless, due to urgency, the prospective contractor was notified that a contract would be prepared and sent to him for his signature as soon as it could be drawn up, and on that notification he was requested to begin work. Consequently, there is a certain body of obligations that have accrued under that total of reservations, the exact amount of which can not be developed until the claims of the people concerned are put in.

The CHAIRMAN. Can you even approximate it?

Gen. PEIRCE. We have indicated our guess as to that. We have canceled every project that was not under way, and out of the \$6,500,000,000, we are only asking to retain \$900,000,000.

The CHAIRMAN. So that nearly \$6,000,000,000 of that has not reached the form of obligations involving third persons?

Gen. PEIRCE. That is the inference; yes, sir.

The CHAIRMAN. Another inference might be drawn, that while there was very much more than that they could be canceled so as to leave only about \$900,000,000 as really being obligations that would likely have to be met?

Gen. PEIRCE. I think that is the correct inference. A great many projects for which reservations have been made have never been carried to the point of negotiation, and those are simply wiped out.

The CHAIRMAN. In making your commitments of the Government, do you in all instances so make them as to obligate a particular appropriation?

Gen. PEIRCE. You mean the whole of the contract being under one appropriation?

The CHAIRMAN. Not necessarily, but I mean this: You have received through a number of appropriations the \$8,000,000,000 worth of cash and a similar amount of contract authorizations. Manifestly, if we are to cover back into the Treasury any part of that cash and cancel any part of the authorizations, we must know to what extent the cash sums and the contract authorizations have been obligated, so as to know how to write our bill?

Mr. LEACH. We have prepared that in detail.

COMPLETING PROJECTS FOR THE MAKING OF ORDNANCE MATERIAL.

The CHAIRMAN. General, are you able to tell the committee the projects in the way of the creation of facilities for making ordnance material it has been determined to go on with, that were not completed at the time of the signing of the armistice?

Gen. PEIRCE. I do not recall any project that was not practically completed—I am alluding now to plant facilities—that was allowed to go on. There are a few exceptions. Aberdeen had a certain amount of work in process that should be completed, but I do not now recall any other place that was not practically completed that was allowed to go on, except for more than such work as was necessary to preserve property.

NEVILLE ISLAND PROJECT.

(See pp. 1042, 1050.)

The CHAIRMAN. You do recall Neville Island?

Gen. PEIRCE. That has not been allowed to go on; that is stopped; that work is stopping. An account of the liabilities is being taken and the project is being investigated with a view to a very large reduction in the capacity of the proposed plant and a change in the character of some of the material that might be made there.

The CHAIRMAN. Your answer would seem to answer the question which I was about to ask—that was, Whether the desire to have Government-owned facilities for the manufacture of any particular kind of material had led to the determination to continue the creation of such plant facilities?

Gen. PEIRCE. As I say, I do not recall any that were not practically completed, where further work, except that necessary to preserve property, was allowed to proceed. One or two of the nitrate plants that were practically completed and the operations had begun were allowed to continue for a short time to demonstrate that the plant was right and that the equipment would produce what it was designed to produce. In regard to Neville Island, I want to make clear that the project of having a plant there has not been abandoned, but the work under the original plan has been entirely stopped, pending decision as to what sort of a modified plant would be put up there.

Mr. VARE. In other words, there is nothing at all going on at Neville Island now?

Gen. PEIRCE. No, sir.

NITRATE PLANTS.

Mr. BYRNES. What nitrate plants have been completed?

Gen. PEIRCE. There are four of them altogether. Nos. 1 and 2 are practically completed and they are trying out the operation of those plants in a small way, under the instructions of the Secretary of War, in order to demonstrate the success of the process. Nos. 3 and 4 are not completed and all work has been stopped. We are closing them.

Mr. BYRNES. Where are they located?

Mr. LEACH. At Cincinnati and Toledo.

Gen. PEIRCE. All work has been stopped on those plants except that necessary to preserve the property.

Mr. BYRNES. Which is the Muscle Shoals proposition?

Gen. PEIRCE. No. 1.

ARSENALS.

The CHAIRMAN. Now, you are doing considerable enlargement at the various arsenals, or the regular old arsenals of the Government. What has been done in connection with them?

Gen. PEIRCE. That is being considered by the arsenal board, and what their recommendations are, I do not know. I am not on that board.

The CHAIRMAN. Who is at the head of that board?

Gen. PEIRCE. Gen. Thompson.

The CHAIRMAN. Is he here in Washington?

Gen. PEIRCE. He is about to be retired, or returned to the retired list. Whether he has actually left or not, I do not know.

The CHAIRMAN. Do you know whether or not, pending the determination of the arsenal board, work has been suspended on most of those improvements?

Gen. PEIRCE. I can not say. I have not seen the report.

Mr. LEACH. I am under the impression that this work is pretty well finished.

The CHAIRMAN. Your Salvage Board is undertaking to determine what disposition will be made of plant facilities and of material and material that the Government will have over and beyond its reserve for 48 divisions?

Gen. PEIRCE. No, sir; it will not handle surplus ordnance material. That will go into storage. It will handle all the uncompleted stuff, raw material, machine tool equipment, and plant equipment generally.

The CHAIRMAN. Do you propose to keep all the finished material without regard to its quantity?

Gen. PEIRCE. Yes, sir; all of the finished, so far as I know. There is no object in not doing it.

Mr. BYRNES. What is the success of the nitrate plant at Muscle Shoals? Have you any report on that at all?

Gen. PEIRCE. It is producing, but to what extent I can not say. I have had absolutely nothing to do with that. It is a totally different line of work, and all I know about it is what I have heard in casual conversations.

Mr. BYRNES. It cost a great deal more than was anticipated?

Gen. PEIRCE. Yes, sir; and most things did in this war, and some things very much more.

The CHAIRMAN. Have you available a list of the plants that have been created by the Government in connection with ordnance material, whether those plants be fully completed or partially completed?

Gen. PEIRCE. Do you mean a list of all those plants that are entirely owned by the Government?

The CHAIRMAN. Yes.

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. Do you recall how many there are of such plants?

Gen. PEIRCE. I can not, offhand.

The CHAIRMAN. I wish you would have put into the record a list of the plants that have been created by the Government in connection with ordnance matériel and which are Government owned, and, to the extent that it is an ascertained fact, the amounts of money that have been expended in the creation of such facilities.

Gen. PEIRCE. I will do so. (See pp. 997, 1052.)

The CHAIRMAN. In addition to the plants we own there are quite a number of plants that we have financed. Has any conclusion been arrived at touching them, or is that dependent upon the particular agreement made in each instance?

Gen. PEIRCE. Do you mean as to what disposition will be made of them?

The CHAIRMAN. Yes.

Gen. PEIRCE. That is dependent upon the agreement in the particular cases, and also upon what arrangement it may be possible to make with them in settlement. I think we can say this, that wherever we can induce a contractor to purchase that part of the equipment that is owned by the Government at a reasonable price, even if it involves some time in payment, I think it would be an advisable thing to do, but, of course, it should be under proper safeguards.

The CHAIRMAN. That would be one of the matters that would be taken into consideration in connection with the adjustment of the contracts?

Gen. PEIRCE. Yes, sir.

ATTITUDE OF CONTRACTORS TOUCHING CANCELLATIONS.

The CHAIRMAN. What disposition, generally speaking, are you finding among contractors touching the cancellation of contracts and the adjustment of such matters?

Gen. PEIRCE. In so far as we have met them, Mr. Chairman, their attitude has been a very good one. They realize the fact that the articles that they are producing are no longer needed by the Government, and the great majority of them are willing to take the course that the Government wants them to take in the matter of stopping work. They have, of course, very frequently expressed concern about their employees, as to whether they would be for a long period out of work, but I think that on the whole their attitude has been all that could be desired.

CONTINUATION OF WORK THROUGH CONSIDERATION OF LABOR.

(See p. 857.)

The CHAIRMAN. Have you refrained from the cessation of work or from the termination of any contract out of consideration for the labor situation?

Gen. PEIRCE. Yes, sir; we have in a few cases.

The CHAIRMAN. Where?

Gen. PEIRCE. At Baltimore, Rochester, and New Haven principally.

The CHAIRMAN. Well, what were the representations made that occasioned you to do that?

Gen. PEIRCE. Representations were made to us from official labor sources that the normal absorption power of those communities was only so much in each case. They gave the figures, and, in their opinion, a serious condition would be precipitated if more than a stated number of people were released at once.

The CHAIRMAN. Were you aware that the reports of the Labor Bureau showed that, speaking by and large, there was a marked shortage of labor all over the country?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. In view of that fact, why did the Labor Board consider it desirable to continue the employment of labor in unproductive pursuits in those localities?

Gen. PEIRCE. Because, generally speaking, the labor concerned resided in those localities, and they anticipated that it would be exceedingly difficult to induce them to move; and the condition was emphasized also because of the previous stoppages of work on the part of other contractors in the same locality, so that they already had unemployment there. The difficulty of the situation would be very much increased if we jumped in and laid off a good many thousand people in the same place. For instance, the settlement of the terms upon which our work was stopped at Baltimore involved the discharge of 4,000 employees in the month of December and a corresponding number in the month of January. But, in spite of that, there are very few cases where the employment runs on upon the present basis. I do not recall any place in which it runs on for more than two months upon the present basis.

The CHAIRMAN. In view of the fact that doing away with overtime and holiday work would slow down very much the work, and, correspondingly, might make need for additional employees, did you feel that the situation in Baltimore was acute enough to warrant the Government in continuing a contract with only stated labor needs in mind?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. Norfolk is still one of the most congested districts in America, and Baltimore is not a very great distance away. Was that considered?

Gen. PEIRCE. Yes, sir; but the bulk of the labor they had there at Baltimore is not suitable for the Norfolk work.

The CHAIRMAN. How much of a contract was involved in this Baltimore instance? What work are you going to continue there that you would not continue except for the labor situation?

Gen. PEIRCE. The manufacture of certain parts of artillery ammunition.

The CHAIRMAN. Of which you have a superabundance?

Gen. PEIRCE. Of some of it, but not of all of it.

The CHAIRMAN. How much was involved in a money way?

Gen. PEIRCE. I can not answer that offhand. I should have to look it up. We have it more in terms of units of production and articles.

The CHAIRMAN. Was it with one concern?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. What concern?

Gen. PEIRCE. That Bartlett-Haywood Co.

The CHAIRMAN. What were they making?

Gen. PEIRCE. 75-millimeter shrapnel rounds complete, including the shrapnel brass cases, fuses, and assembling them. They are also making some 4.7 ammunition and 155-millimeter shrapnel, and several different kinds of fuses.

The CHAIRMAN. Have you any need in the world for that?

Gen. PEIRCE. We have for the 155-millimeter shrapnel and for some of the fuses. We have not any need for the completed rounds of shrapnel. The work was to be confined practically to the working up of material which was then in process.

The CHAIRMAN. Is it not a distinct economic waste to use labor in the working up even of material partially manufactured for something you do not want when completed?

Gen. PEIRCE. Yes, sir; it is a loss in one direction. I suppose the answer to it is that the consequences of the unemployment might be greater loss.

Mr. BYRNES. How many employees were involved in that?

Gen. PEIRCE. About 20,000.

Mr. BYRNES. In this one contract you have referred to?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. You said that that occurred at two other places.

Gen. PEIRCE. One other place is Rochester.

The CHAIRMAN. Where were the other places?

Gen. PEIRCE. The others were New Haven and Bridgeport.

The CHAIRMAN. Is there not a tremendous shortage of labor at Bridgeport and New Haven? They are both very active manufacturing centers.

Gen. PEIRCE. There is no shortage there, and if we terminated our contracts there summarily, it would throw a very large number of men out of employment.

The CHAIRMAN. There was a shortage at the breaking out of the war in those particular places, was there not? Was not Bridgeport one of the most congested places?

Gen. PEIRCE. Yes, sir; there was a shortage in Government work.

The CHAIRMAN. There was a labor shortage there. Now, the slowing down of labor must be tremendous to change that shortage into such a surplus as to force you to continue contracts that you could not otherwise continue.

Gen. PEIRCE. You must remember that there was a considerable diminution of work when we cut out overtime and when we started to reduce the night shifts. If we determine to release those men engaged in war work at once, our information is that there is not other employment that is readily available for them.

The CHAIRMAN. What character of work was being done at Bridgeport and New Haven that you are now continuing solely because of the labor situation?

Gen. PEIRCE. Well, at Bridgeport they are making pistols and machine guns and some small-arms ammunition. At New Haven they were making machine guns and small-arms ammunition.

The CHAIRMAN. You have a surplus of both of them, have you not?

Gen. PEIRCE. No so much as we have in some other lines, but there is a surplus.

The CHAIRMAN. There may not be in pistols.

Gen. PEIRCE. There is a surplus counting what we will get from this.

The CHAIRMAN. There is also a tremendous surplus of machine guns, is there not?

Gen. PEIRCE. Not of the service type; no, sir. We have a number of guns that we procured for aircraft that are not now considered as being of the best design or well suited for that purpose.

The CHAIRMAN. You have a great many Lewis guns?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. Who determines those matters—the district boards?

Gen. PEIRCE. No, sir; the Claims Board here in the Ordnance Department. Do you mean who determines when the individual contractors shall suspend?

The CHAIRMAN. Yes. If I understand you, there have been three or four instances in which you have run along just on account of the labor conditions?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. That determination was made by the Claims Board?

Gen. PEIRCE. Yes, sir.

The CHAIRMAN. Upon recommendations made by the district boards touching the cessation of contracts?

Gen. PEIRCE. Yes, sir; we get recommendations from them as well as from the division ordnance officers that have active charge of the work.

The CHAIRMAN. Did they recommend the continuance of this work?

Gen. PEIRCE. I do not think there is a single case in which our recommendations were not considerably less than theirs.

The CHAIRMAN. How long do you expect to continue this work?

Gen. PEIRCE. The work at Bridgeport and New Haven that they were allowed to do ought to run for 60 days at the present rate of production, which is on the one-shift basis of production.

The CHAIRMAN. They are to run 60 days from now?

Gen. PEIRCE. They were allowed, however, a month and a half in addition to that if they wanted to take it, to complete that work; that is, they could do it in 60 days or taper off by taking more time.

The CHAIRMAN. What was the character of the work being done at Rochester?

Gen. PEIRCE. That work is artillery ammunition, some 75-millimeter and some 155-millimeter.

The CHAIRMAN. Were the employees at those plants mostly men or women?

Gen. PEIRCE. Mostly men. So far as I know, almost all of them were men at Rochester. There are women at New Haven and, think, at Bridgeport, too.

The CHAIRMAN. Have any special steps been taken in any instance in regard to the continuation of work on account of the situation produced by virtue of the employment of women?

Gen. PEIRCE. No, sir; no distinction has been made.

The CHAIRMAN. With these four exceptions, you recall no instance in which you have continued work because of labor considerations purely?

Gen. PEIRCE. I do not recall any other. I might say this, that under the cancellation clause in those contracts, they had, with no exceptions that occur to me now, the privilege of 30 days' notice, so that in any event they could have run for 30 days.

The CHAIRMAN. Did you give them the option to discontinue earlier than 60 days?

Gen. PEIRCE. We have not only given them that option, but have invited and urged them to do it. Personally I think that the problem is largely a psychological problem. As soon as these people are in a condition to tell their working forces, "Now, in such a length of time, this job is dead," I think they will see their forces begin to fade away at once, and I do not myself look for as much trouble in disposing of the forces as a good many others do.

Mr. BYRNES. The turning loose of 20,000 men may cause a reduction in the price paid to labor in that particular community?

Gen. PEIRCE. Well, not only that, but I think these manufacturers should have a little time to turn around and find out what, in ordinary business, they are going to be able to get, and that is another element in the desire to settle these claims arising under the termination of these contracts as speedily as possible, because until their working capital is freed, I do not quite see how they are going to begin on other work and employ men to do it. We have a great many cases of concerns of moderate size where their free capital is all tied up in this business and until that can be liquidated I do not know how they are going to turn to other business.

PAYMENTS OF DEBTS.

The CHAIRMAN. How nearly current are you in the payment of your debts?

Gen. PEIRCE. Well, all I can say is that we sent out inquiries from several of our district offices some time ago asking contractors how our settlement terms struck them and if they had any suggestions to offer for improvement, and the replies were almost unanimously to the effect that they were perfectly satisfactory and a very considerable number stated that they had placed us upon their preferred list and that we were entitled to a 2 per cent discount because we paid our bills within 10 days; that is, within 10 days of submission in proper terms by the contractor; he has got his part to do and if he does not do it he does not get his pay until it is done.

Mr. EAGAN. Is the great mass of your claims being paid so as to get the 2 per cent discount?

Gen. PEIRCE. Yes; with regard to payments under contracts, but not as to settlements. No settlements have as yet come up to us;

they are being negotiated in the districts; this was the regular payment for material accepted and delivered. Some of them created trouble by giving us a 2 per cent discount; it was a situation that had never, apparently, occurred with the Government, so that we had some trouble with the Treasury officials to know whether we could accept it or not.

Mr. EAGAN. Are you not taking it?

Gen. PEIRCE. Yes; that was fixed up. Sometimes it is as hard to give a thing to the Government as it is to get it away from it.

The CHAIRMAN. The President was authorized—

through the head of any executive department, to sell, upon such terms as the head of such department shall deem expedient, to any person, partnership, association, corporation, or any other department of the Government, or to any foreign State or Government, engaged in war against any Government with which the United States is at war, any war supplies, material, and equipment, and any by-products thereof, and any building, plant, or factory, acquired since April sixth, nineteen hundred and seventeen, including the lands upon which the plant or factory may be situated, for the production of such war supplies, materials, and equipment which, during the present emergency, may have or may hereafter be purchased, acquired, or manufactured by the United States: *Provided further*, That sales of guns and ammunition made under the authority contained in this or any other act shall be limited to sales to other departments of the Government and to foreign States or Governments engaged in war against any Government with which the United States is at war, and to members of the National Rifle Association and of other recognized associations organized in the United States for the encouragement of small-arms target practice: *Provided further*, That a detailed report shall be made to Congress on the first day of each regular session of the sales of any war supplies, matériel, lands, factories, or buildings, and equipment made under the authority contained in this or any other act, except sales made to any foreign State or Government engaged in war against any Government with which the United States is at war, showing the character of the articles sold, to whom sold, the price received therefor, and the purpose for which sold: *Provided*, That any moneys received by the United States as the proceeds of any such sale shall be deposited to the credit of that appropriation out of which was paid the cost to the Government of the property thus sold, and the same shall immediately become available for the purposes named in the original appropriation: *Provided further*, That there shall be allotted to the Aircraft Board, by the head of the bureau or department charged with the production of aircraft, from the appropriations herein made for aircraft production for the fiscal year nineteen hundred and eighteen and nineteen hundred and nineteen, the sum of \$100,000, or so much thereof as may be necessary, which money shall be available during the fiscal year for the payment of such clerks or other employees, either in the District of Columbia or elsewhere, as may be necessary for the conduct of its business, including such technical experts and advisors as may be found necessary; and for the payment of rental of offices in the District of Columbia or elsewhere, purchase of necessary office equipment and supplies, including scientific publications, printing, necessary administration and contingent expenses of said board.

By the terms of this act, the moneys that are received from such sales become available for expenditure for the same purpose for which the moneys were appropriated. Have you been selling any material under this authority?

Gen. PEIRCE. Not in connection yet with the termination of contracts. There have been, I believe—although I am not sure about that—materials sold under that act during the course of the war, but we have not yet disposed of anything in connection with the termination of contracts.

The CHAIRMAN. In making the estimates as to the moneys that could be covered into the Treasury, was any account taken of the moneys that would be obtained from the sale of property?

Gen. PEIRCE. I can not say, sir, because I had nothing whatever to do with the preparation of the estimates.

The CHAIRMAN. I should not have said estimates, but in the making of these tables. However, you had nothing to do with their preparation? Gen. PEIRCE. No, sir.

OBLIGATION FOR ORDNANCE MATERIAL.

(See pp. 837, 839, 856, 872.)

May I say one thing further in closing? I would like to emphasize our desire not to have any part of the amount of actual allotted obligations covered into the Treasury at this time. We have, as I said, \$6,500,000,000 of reservations, of which we have and can turn back at this time all but \$900,000,000. It seems to me it would be very unwise to attempt to turn back any part, as estimated savings, of that \$3,250,000,000 that is allotted, because we have absolutely no knowledge of what that proportion may be. As I have, I think, explained and made clear, there is no question, as far as these contracts are concerned, of allowing them to run along in order to accumulate a desired supply, because the supply which we will have is, in almost every case, greater than that which we require on the basis that I stated to you. So that it is the intention and purpose of the department to terminate these contracts, practically all of them, as soon as it is possible to do it, under the restrictions which I have described, and we can and will be prepared to turn back such portion of these liabilities as do not actually materialize; but as we can not make any statement other than the purest guess, as to what that proportion may be, it would seem unwise to attempt to turn it back, because otherwise we might have to come back to you gentlemen and ask you for a reappropriation. I think this is an important thing, that if we are compelled to do that it will eventuate into deferred payments on just claims until after that money shall be reappropriated, and there will be a certain number of people who would, therefore, be unjustly required to wait for a settlement of their claims.

Mr. LEACH. We have had since the beginning of the war \$15,976,000,000, in round figures—practically \$16,000,000,000.

The CHAIRMAN. A little over?

Mr. LEACH. \$15,976,000,000 in round figures. From that we have disbursed \$3,259,000,000, or 20 per cent. These are cash and contract authorizations together. We had on the books as of November 30, a month after this Claims Board started to work, \$3,394,000,000 of obligations, which is 21 per cent of our entire war appropriations. In other words, the total obligations and disbursements as shown on that sheet were \$6,653,000,000, or 41 per cent, which left on November 30 an unallotted balance of \$9,322,000,000, or 59 per cent of our entire war appropriations. Of that \$9,322,000,000 on November 30 there was \$2,761,000,000 of free balance, although on November 1, before the armistice, practically the entire \$16,000,000,000 was obligated. The \$2,761,000,000 represents, in a large measure, the work of cancellation and revocation during the 30 days of November.

Of the reservations that Gen. Peirce spoke of, \$6,561,000,000, we are reporting out, that is, giving up, 85 per cent, or \$5,632,000,000, which, with this unallotted balance of November 30, of \$2,761,000,000 makes \$8,393,000,000, or 52.5 per cent of the entire war appropriations, which we are giving up without any argument.

I would like to say that as soon as the armistice was signed we immediately went to work on our 1920 estimates, and we cut them 99½ per cent, from \$8,350,000,000 to \$8,325,000,000, leaving \$25,000,000. If you could figure that as money in hand, which, of course, it is not, that with the appropriation we had in prospect for 1918-19, made a cut, as a result of the armistice, of \$6,719,000,000, or 70 per cent of the entire estimate.

The position we have taken, as outlined by Gen. Peirce, is that we wish to make another statement when the work of the Claims Board is finished. It is right in the middle of its work. I expect they will finish about the middle of January, or the 31st of January, or earlier, if possible. When their work is reflected on the books—it does not come through as quickly as we should like to have it, showing the contracts which had actually been canceled—we should like to make another statement at that time and give up what our books reflect. We now have reservations for approved projects amounting to \$6,501,000,000, and giving up 85 per cent of that at this time is a gamble. At this time we are asking only to cover the existing contracts, which are 21 per cent of the entire appropriation, and retain \$928,000,000 against the reservations of \$6,561,000,000, just about 15 per cent. We feel that we can make this closing in better shape, as Gen. Peirce pointed out, if we can make a second report of moneys to be returned when this board has completed its work and the results are reflected on the books, about January 31.

TUESDAY, DECEMBER 17, 1918.

STATEMENT OF F. R. LEACH OF THE BUREAU OF ORDNANCE.

CONTRACT OBLIGATIONS.

(See pp. 837, 839, 856.)

The CHAIRMAN. Mr. Leach, as I understand the table which has been submitted, there was appropriated in the deficiency act of June 15, 1917, \$155,000,000 under the general and misleading title of "Armament of fortifications," but intended for field artillery; there was then appropriated for field artillery in the urgent deficiency act of October 6, 1917, \$695,100,000; under the act of March 28, 1918, \$676,000,000; under the fortification act of July 8, 1918, \$500,000,000; and there was apparently an existing balance of \$4,578,125.68. Now, was there not, in addition to that, in the deficiency act of November just passed appropriated some money for armament of fortifications, or was it all in contract authorizations?

Mr. LEACH. Not entirely. The only cash in that bill was \$280,000,000.

The CHAIRMAN. The result, then, would be that there has been appropriated in cash, or made available, a total of \$154,999,974, plus \$1,200,334,420.23?

Mr. LEACH. Yes, sir; that is right.

The CHAIRMAN. Making a total of \$1,355,334,394.23. Now, taking your first appropriation of June 15, 1917, your statement seems to indicate that you have spent—

Mr. LEACH (interposing). We have spent \$121,714,055.52, as of November 30, and the outstanding obligations under contracts were \$27,407,302.22, making a total of \$149,121,357.74.

The CHAIRMAN. Which would indicate a free balance of \$5,878,616.26?

Mr. LEACH. Yes, sir.

The CHAIRMAN. Now, you indicate in your table that no part of the obligations which have not been paid can be avoided, and that only the free balance which I have just indicated could be returned to the Treasury. Why is that?

Mr. LEACH. That is something that runs right straight through this, and I will explain our position on this at this time. For instance, we have reserved under that particular item \$1,973,538.36 on account of proposed or approved projects which have not yet come on our books in contract form. As a reserve against that balance of \$5,878,616.26, we place that \$1,973,538.36.

Those figures were taken off the books 30 days after this board started its work, and they reflect that part of their cancellations that had come through at that time. In other words the contract obligation of \$27,407,302.22 represents the allotment for that purpose as it has been reduced by the cancellations that have come through this board during 30 days in November. Now, there is no doubt that they are going further than that, but just how much further we do not know. Their estimate of 50 per cent comes in there. They are giving that as a result of their work up to date, and the report is about 60 per cent completed. They think their savings will be about 50 per cent on that figure.

The CHAIRMAN. I am not sure that I understand you. There are, in round figures, \$27,000,000, which, with what has been spent, goes to make up your total of \$149,000,000 in round figures of this appropriation?

Mr. LEACH. Yes, sir.

The CHAIRMAN. Does that represent the total amount of obligations which had been incurred up to December 1, or does it represent the residuum of obligations, you having canceled some already?

Mr. LEACH. Yes, sir. These are the outstanding balances or unpaid balances on the books as of November 30, after the cancellations for 30 days had come through and had been recorded. This represents the standing of the books on that date.

The CHAIRMAN. How much did you cancel against these appropriations, or the contracts or obligations that were outstanding?

Mr. LEACH. I do not think much came through in November. I have not the figures available.

The CHAIRMAN. What you are practically asking, then, is to keep available the face of your contract obligations?

Mr. LEACH. That is right straight through, as I said.

The CHAIRMAN. Why? What is the use of this hearing if you do that? Why should you do that?

Mr. LEACH. I was hoping we could be able to keep enough to cover the contracts as such on the books, and then come back and report in January, and let you cut us down to the point where it stood at that time, as the cancellations come through. As you will see, there are two gambles involved in this. One of them is the amount of cancellations in connection with the actual allotments or the definite obligations, and another gamble is in connection with the approved projects which are on the books, but which are not in the form of

contracts. We are gambling at the present time on the chance of cancelling these approved projects to the extent of 85 per cent.

The CHAIRMAN. There is nothing to cancel there.

Mr. LEACH. Gen. Peirce went into that yesterday, and gave some idea of the amount of the actual obligations that will mature.

The CHAIRMAN. In point of fact, what you did with this \$155,000,000, in round figures, was to tie it all up, either in actual contracts or in projects that had not reached the phase of contracts.

Mr. LEACH. You will note below that there is a balance of \$5,878,616, and below that there is a balance of \$232,000,211.42. On the first of November practically all of that was obligated.

The CHAIRMAN. In connection with the \$232,000,211.42, you are referring to other appropriation acts?

Mr. LEACH. Yes, sir.

The CHAIRMAN. You have \$27,000,000, in round figures, worth of obligations to meet out of the funds from this act of June 15. Now, have you the slightest doubt but what you will be able to cancel a very large proportion of them?

Mr. LEACH. I do not know personally any more about it than what you heard here yesterday from Gen. Peirce, the chairman of that board. That is the only thing I have to go by. I learned more yesterday about it than I have ever known before. That board is right in the middle of its operations, and they expect to finish about the 1st of January. I think, probably, they will finish about the 15th of January.

**STATEMENTS OF MAJ. GEN. C. C. WILLIAMS, CHIEF OF ORD-
NANCE, COL. H. W. ALDEN, AND MR. F. B. LEACH, OF THE
ORDNANCE DEPARTMENT, AND BRIG. GEN. H. M. LORD,
AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS.**

THURSDAY, DECEMBER 26, 1918.

MOUNTAIN, FIELD, AND SIEGE CANNON.

(See p. 857.)

The CHAIRMAN. You have presented the first of a series of sheets undertaking to show the appropriations and contract authorizations made since the beginning of the war and the balances on hand as of April 6, 1917, in connection with field artillery or what you designate as your schedule B; and it includes appropriations which have been made for the National Guard, sometimes called the Organized Militia, and for the Regular Army, and includes all field artillery, including anti-aircraft guns.

Mr. LEACH. Yes, sir.

The CHAIRMAN. But does not include anything relating to small arms or machine guns?

Mr. LEACH. No, sir; nor automatic rifles.

The CHAIRMAN. The total of these appropriations shows that there has been appropriated in cash \$1,371,726,893.83; that there have been contract authorizations of \$1,816,514,192, or a grand total of cash and contract authorizations of \$3,188,241,085.83.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Now, of the cash appropriated since April 6, or on hand as of that date, there has been expended \$571,246,135.36; there is, as of November 30, an undisbursed balance of \$800,480,758.47, and you had outstanding obligations in the form of contracts, or otherwise, of \$569,934,948.55.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Of your cash you had an unallotted or free balance of \$230,545,809.92, but you had reservations which had not reached the point of third-party liability, whether in the form of actual contracts or of allotments and obligations, of \$1,322,446,080.50.

Mr. LEACH. Yes, sir.

The CHAIRMAN. So that, assuming that your reservations and all of your existing outstanding contract obligations and allotments should have to be met, you would have a deficiency in the cash appropriation of \$1,091,900,270.58.

Mr. LEACH. Yes, sir.

The CHAIRMAN. As to your contract authorizations, you propose to wipe them out entirely.

Mr. LEACH. Yes, sir.

The CHAIRMAN. So that they can be eliminated from the further consideration of this financial statement.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Now, your note shows that you expect to be able to make a saving of 25 per cent of your outstanding contract obligations and allotments, those contract obligations and allotments amounting to \$569,934,948.55. A saving of 25 per cent on that amount, according to the statement, would be \$142,483,737.14.

Mr. LEACH. Yes, sir.

The CHAIRMAN. And you estimate that of your reservations which do not involve at this time liability to third parties there can be a saving of 85 per cent, those reservations being \$1,322,446,080.50. A saving of 85 per cent on that sum would amount to \$1,124,079,168.42.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Or a net saving, by the reduction of those different contract obligations, allotments, and reservations of \$174,662,634.98 of cash.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Assuming, therefore, that the face of this statement should be taken, and that there should be lumped and made available all of these various appropriations for any purpose in connection with field artillery, there can be a covering back into the Treasury of \$174,662,634.98, together with the cancellation of all of the contract authorizations heretofore granted.

Mr. LEACH. Yes, sir.

The CHAIRMAN. This table may go into the record at this point. (The table referred to is as follows:)

Statement of condition of appropriations, purchase, manufacture, and test of field, railway, antiaircraft, and trench warfare artillery.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Out-standing contingent obli-gations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Unallotted reservation as of Nov. 30, 1918.	Unreserved balance as of Nov. 30, 1918.
Field artillery for National Guard:							
Balance of appropriation as of Apr. 6, 1917.....	\$5,237,851.50						
Army act, May 12, 1917 (1917-18).....	10,000,000.00						
	15,237,851.50	\$14,182,714.53	\$1,055,136.97		\$1,055,136.97		\$1,055,136.97
Antiaircraft guns, Army:							
Army act, June 15, 1917 (1917-18).....	700,000.00						
Transfers to Chemical Warfare Service.....	19.80						
	759,980.20	472,745.58	287,234.62	\$2,619.69	287,234.62	\$38.15	287,196.47
	250,000.00	58,405.60	191,594.40		188,974.71		188,974.71
Army act, May 12, 1917 (1917-1919).....							
	155,000,000.00						
Act, June 15, 1917.....	26.00						
Transferred to Chemical Warfare Service.....							
	154,999,974.00	121,714,055.52	33,285,918.48	27,407,302.22	5,878,616.26	1,973,538.36	3,905,077.90
Balance of appropriation as of Apr. 6, 1917.....	4,578,125.68						
Urgent deficiency Oct. 6, 1917.....	685,100,000.00						
Urgent deficiency Mar. 28, 1918.....	676,000.00						
Fortifications July 8, 1918.....	500,000,000.00	434,813,551.24	765,520,868.99	542,520,657.57	223,000,211.42	1,320,460,503.99	1,097,490,892.67
Transferred to Chemical Warfare Service.....	19,706.46						
	1,200,334,420.23						
Armament of fortifications 1, balance of appro- priation as of Apr. 6, 1917.....	4,345.36	2,709.89	1,575.47	1,061.34	514.13	12,000.00	11,482.87
Armament of fortifications No. 46, balance of ap- propriation as of Apr. 6, 1917.....	46.81		46.81		46.81		46.81
Field Artillery for Organized Militia, balance of appropriation as of Apr. 6, 1917.....	140,275.73	1,833.00	138,382.73	3,397.73	135,075.00		135,075.00
	1,371,726,893.83	571,246,132.36	800,480,758.47	569,934,944.55	230,545,809.92	1,322,446,080.50	1,091,900,970.68
Total of appropriations.....							

Contract authorizations, armament of fortifications B:						
Fortifications act July 9, 1918.....	729 731,285 00					
Deficiency Nov. 4, 1918.....	1,098,782,897 00					
	1,816,514,192 00				1,816,514,192 00	
Grand total.....	3,188,241,085 83	571,246,135 36	2,616,994,950 47	569,934,948 55	2,047,060,001 92	724,613,921 42

Estimated savings.

	Appropriation.	Contract authorization.	Total.
Unreserved balance Nov. 30, 1918.....	\$1,091,900,970.58	\$1,816,514,192.00	\$724,613,921.42
Twenty-five per cent of outstanding contract obligations and allotments as of Nov. 30, 1918.....	142,483,737.14		142,483,737.14
Eighty-five per cent of unallotted reservation as of Nov. 30, 1918.....	1,124,079,168.42		1,124,079,168.42
Total estimated savings.....	174,662,634.98	1,816,514,192.00	1,991,176,826.98
Total appropriation available.....			\$800,480,758.47
Amount needed to liquidate outstanding obligations and allotments (75 per cent of \$669,934,948.55).....		\$427,451,211.41	
Amount needed to liquidate outstanding reservations and to finance department balance of year (15 per cent of \$1,322,446,080.60).....		198,386,912.08	
Total saved from appropriation.....			625,818,123.49
Total saved from contract authorization.....			174,662,634.98
Total saved from all sources.....			1,816,514,192.00
			1,991,176,826.98

The CHAIRMAN. It results from the foregoing financial summary that you expect to spend, either in the liquidation of outstanding contracts, or in the carrying out of projects not yet in the form of actual outstanding obligations, the sum of \$625,818,123.49.

Mr. LEACH. Yes, sir.

The CHAIRMAN. To what extent, if at all, will any of that expenditure represent expenditures for material that the Government is not now under any third-party obligation to procure?

Mr. LEACH. The 15 per cent reservation covers any money liability among the reservations, and what new projects and operating expenses the department needs for the balance of the year.

The CHAIRMAN. Have you undertaken to make any sort of financial summary of that? In the first place, it amounts to what sum?

Mr. LEACH. \$198,366,912.08.

The CHAIRMAN. How do you propose to spend that?

Mr. LEACH. That amount is to cover the proportion of actual money liability there is in those outstanding reservations of \$1,322,446,080.50, and what few projects there may be in the line of artillery and operating expenses of the department for the balance of the year. The amount of the actual liability included in the outstanding reservations, or in the figure just given, has not yet been developed, and Gen. Williams will cover that in whatever statement he makes.

That is what the situation is. That is in relation to this claims board.

STATUS OF OUTSTANDING CONTRACT OBLIGATIONS—CANCELLATIONS.

(See pp. 813, 837, 839, 849.)

The CHAIRMAN. General, before we undertake to get a statement as to the quantities of material that have been procured and not to be procured as the result of outstanding obligations of the various types carried under this general head of field artillery, suppose you tell us just what the situation is in connection with outstanding contract obligations and allotments which totals the sum of \$569,934,948.55. Your financial sheet states that you will be able to free the Government from such obligations to the extent of 25 per cent of that sum. Necessarily, that is simply a rough estimate, but have you arrived at certain policies touching cancellations?

Gen. WILLIAMS. Yes, sir. The question of cancellations has been handled by what we call our claims board. They have been over all the contracts and they have had reports sent in showing approximately the status of those contracts. They have taken that, together with the needs that we are going to provide for, which is enough to equip 48 divisions, and also they have taken into consideration the effect upon the labor situation at the various places where these factories are located, and they have arrived at a conclusion as to how much they can cancel, or, in other words, what they will permit the manufacturers to go ahead and complete.

The CHAIRMAN. As I recall Gen. Peirce's testimony, he, perhaps, more or less covered this same matter. He testified that the Army already had, as a result of actual material procured or so nearly finished as to make it necessary to accept more guns of the various types than it desired to have?

Gen. WILLIAMS. That is perfectly correct.

The CHAIRMAN. And he further stated that the question resolved itself down as to what the Government could get rid of in the way of contract obligations?

Gen. WILLIAMS. That is true, and is probably the most important consideration.

CONTINUATION OF CONTRACTS OUT OF CONSIDERATION OF LABOR SITUATION.

(See p. 844.)

The CHAIRMAN. He further testified in regard to four places, speaking generally of contracts without regard to their being for field artillery proper, where contracts had been continued out of consideration for labor conditions?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. There are no others than those?

Gen. WILLIAMS. No others that I recall. Doubtless, when these cancellations become operative we will hear from other places besides those.

The CHAIRMAN. Are you undertaking, as the Chief of Ordnance, to function upon the question of the need of the continuation of contracts because of labor conditions?

Gen. WILLIAMS. We are acting under instructions from the purchase and storage section of the General Staff, and also the War Industries Board and the Labor Policy Board have been consulted in the matter of consideration that is to be given to labor conditions. We were required to submit our recommendations as to cancellations to Purchase, Storage and Traffic, who in turn take them up with the War Industries Board and the Labor Policy Board, and they have approved or disapproved our recommendations.

The CHAIRMAN. The War Industries Board has gone out of business, so far as the cancellation of contracts is concerned?

Gen. WILLIAMS. Yes, sir. Our procedure in the cancellation of contracts, most of it, has had the approval of the War Industries Board and the Labor Policy Board.

The CHAIRMAN. The reason for my question was this: To find out if that was a matter that you were individually functioning on at all and if it was whether you shared the view that seemed to be held by a limited number of gentlemen that it is necessary to continue governmental work in order to prevent labor being out of employment?

Gen. WILLIAMS. We have considered that feature of it, as we were instructed to.

The CHAIRMAN. I take it, General, there has been no change in the attitude of the department touching the cancellation of contracts from that stated by Gen. Pierce a few days ago?

Gen. WILLIAMS. No, sir.

MOUNTAIN, FIELD, AND SIEGE CANNON ON HAND.

(See p. 852.)

The CHAIRMAN. General, how many kinds of guns are provided for under this general head of field artillery ammunition?

Gen. WILLIAMS. Field artillery would take the 75 mm., which is the field gun of which we have the greatest number, the 4.7'', the 155 mm. howitzers, the 155 mm. guns, the 8'' howitzer, the 9.2''

howitzer, and the 240 mm. howitzers. Those are the main pieces comprised in the field artillery.

The CHAIRMAN. And then there are the antiaircraft guns in addition?

Gen. WILLIAMS. Yes, sir; the antiaircraft guns.

The CHAIRMAN. Have you tables showing the quantities that have been procured of these various types?

Gen. WILLIAMS. Yes, sir; I have the statement before me.

The CHAIRMAN. Suppose you submit the table for printing in the record.

Gen. WILLIAMS. Yes, sir.

The table submitted by Gen. Williams follows:

Field artillery.

Units.	Total quantity ordered since Apr. 6, 1917.		Quantity of present contracts, all sources.		Actual deliveries to 12/12.		Due on current contracts (revised basis).	On hand in France.		Available on hand in France (50 per cent of total deliveries).	Available U.S. Army on completion of current contracts (revised basis).	Final total available from all sources.	Requirements for 48 divisions.	Total percent available on contracts, 48 divisions.
	In United States.	France or Britain.	Original.	Revised.	American.	French or British.		American production.	French or British production.					
75-millimeter gun (model 1897).....	6,350	3,008	9,358	{ 1,300 2,906 }	143	1,862	{ 1,157 2,944 }	1,828	1,828	{ 2,914 4,944 }	{ 1,300 2,82 }	3,240		
75-millimeter gun (model 1916).....	1,402		1,402	753	695		58	31		13	722	753		
75-millimeter gun (model 1917).....	2,868		2,868	921	822		99	124		62	976	1,038		
Total guns.....	10,620	3,008	13,628	5,959	1,655	1,862	2,442	155	1,828	1,968	3,080	5,031	2,448	205
75-millimeter carriage (1897).....	3,049	3,008	5,935	{ 1,300 2,906 }	856	1,862	{ 1,444 2,944 }		1,828	{ 2,914 4,944 }	{ 1,300 2,82 }	3,240		
75-millimeter carriage (1916).....	1,302		1,302	1,397	241		156	26		13	371	384		
75-millimeter carriage (1917).....	2,868		2,868	1,921	822		199	124		63	797	859		
Total carriages.....	7,219	3,008	10,105	5,424	1,919	1,862	1,643	150	1,828	1,965	2,550	4,483	2,448	179
75-millimeter recuperator (1897)*.....	3,500	3,008	6,508	{ 1,300 2,906 }	2	1,862	{ 1,238 2,944 }		1,828	{ 2,914 4,944 }	{ 1,300 2,82 }	3,240	(*)	
4.7-inch field gun.....	1,244		1,244	400	187		213	64		32	336			
4.7-inch gun carriage.....	933		933	400	381		19	64		32	336			
Total (complete units).....										32	336	368	240	153
155-millimeter gun G. P. F.....	2,160	489	2,649	{ 1,800 431 }	101	233	{ 1,009 1,008 }	16	233	{ 2,117 4,198 }	{ 784 1,198 }	1,069		
155-millimeter carriage G. P. F.....	1,446	489	1,935	{ 1,800 431 }	491	233	{ 1,008 1,007 }	16	233	{ 2,117 4,198 }	{ 784 1,198 }	1,069		
155-millimeter recuperator G. P. F.....	1,424	599	2,023	{ 1,892 430 }	13	233	{ 1,007 240 }		233	{ 2,117 4,242 }	{ 880 1,242 }	1,237		
Total units complete.....										323	784	1,069	816	135

* America.

* Fifty per cent of deliveries in France to 12/1/18 to be shipped to United States.

* France

* To be produced in France and shipped to United States complete.

* Per cent.

* These recuperators apply in connection with model 1897 carriage only.

Field artillery—Continued.

Units.	Total quantity ordered since Apr. 6, 1917.		Quantity of present contracts, all sources.		Actual deliveries to 12/12.		Due on current contracts (revised basis).		On hand in France.		Available on hand in France (50 per cent of total deliveries).	Available U. S. Army on completion of current contracts (revised basis).	Final total available from all sources.	Requirements for 48 divisions.	Total per cent available to requirements, 48 divisions.
	In United States.	France or Britain.	Original.	Revised.	American.	French or British.	American (revised basis).	French or British.	American production.	French or British production.					
155-millimeter howitzer.....	3,000	1,361	4,361	{ 1,890 \$ 1,521 }	1,322	821	{ 1,478 \$ 700 }			821	{ 2,411 \$ 700 }	1,800	2,911		
155-millimeter howitzer recuperator.....	3,120		3,120	1,200	1,145		55				1,200	1,200	1,200		
155-millimeter howitzer carriages	2,371	1,361	3,732	{ 1,853 \$ 1,521 }	232	821	{ 1,621 \$ 700 }			821	{ 2,411 \$ 700 }	853	1,964		
Total units complete.....											1,111	853	1,964	1,162	5 171
8-inch howitzer and carriage.....	285	212	507	369	188	124	57			124	124	157	281		
9.2-inch howitzer and carriage.....	100	132	232	60		40	20			40	28	20	28		
240-millimeter howitzer.....	1,160		1,160	400	2		398					400			
240-millimeter howitzer recuperator.....	1,571		1,571	450	8		442					450			
240-millimeter howitzer carriage.....	1,214		1,214	420	5		415					420	420		
Total howitzer units complete.....													749	576	6 130

¹ America.
² Fifty per cent delivered in France to 12/1/18 to be shipped to United States.
³ France.

⁴ To be produced in France and shipped to United States complete.
⁵ Per cent.

Battery services for new armory.

Item.	Quantity present con- tracts, all sources.		Actual deliveries to Dec. 12, 1918, American.	To be delivered on outstand- ing contracts (revised basis).	On hand in France (American).	On hand in United States on comple- tion of current contracts (revised basis).	On hand in France available for further service to be transported to United States.	Total United States and France stock on hand on completion.	Require- ments for 48 divisions.	Per cent joint France and United States stock bears to require- ments, 48 divisions.
	Original order.	Revised order.								
75 mm. gun.										
Caissons.....	21,976	19,056	13,887	5,169	3,594	15,462	1,797	17,259	12,552	137
Caisson limbers.....	21,976	21,676	19,744	2,232	4,066	17,610	2,033	19,643	3,528	556
Carriage limbers.....	4,913	4,439	4,439	99	992	3,576	481	4,057	2,448	165
3-inch forage limbers.....	2,008	2,008	2,008	0	144	1,864	72	1,936	312	620
3-inch battery wagon.....	2,008	2,008	2,008	0	144	1,864	72	1,936	312	620
3-inch store limbers.....	1,737	1,087	787	300	144	943	72	1,015	264	324
3-inch store wagons.....	1,737	1,737	1,701	36	109	1,628	55	1,683	264	637
3-inch store wagons.....	1,737	1,765	567	198	109	656	54	710	264	269
4.7-inch.										
Gun and 6-inch howitzer limber.....	1,059	652	563	59	16	636	8	644	240	268
Caissons.....	2,749	1,200	943	257	0	1,200	0	1,200	720	166
155 mm.										
Howitzer carriage limber.....	2,575	853	447	406	0	853	0	853	1,152	74
Howitzer caisson.....	8,937	6,837	6,748	89	0	6,837	0	6,837	3,456	197
Gun limber.....	1,388	900	505	295	0	900	0	900	816	98
2-horse reels.....	1,904	1,400	1,167	233	372	1,028	186	1,214	264	459
6-horse reel and cart.....	2,396	1,950	1,429	521	678	1,272	339	1,611	1,994	80

Antiaircraft mounts.

	Ordered since Apr. 6, 1917.		Quantity of present contracts, all sources.		Actual deliveries to Dec. 12.		Due on current contracts (revised basis).	On hand in France.		On hand in France (50 per cent of shipment).	Available in United States on completion current contracts (revised basis).	Final total available, all sources.	Requirements for 48 divisions.	Per cent joint French and United States stock to requirements 48 divisions.
	Ameri-can.	French or British.	Original.	Revised.	Ameri-can.	French or British.		Ameri-can.	French or British.					
3-inch antiaircraft guns.	1,100		633	167	114		53				167			
3-inch antiaircraft auto truck carriages.	612		612	120	1		119				120	120		
75-mm. antiaircraft guns.	51	66	117	117	48	66	3	18	66	42				
75-mm. antiaircraft truck mounts.	51	66	117	117	48	66	3	18	66	42	33	102		
75-mm. antiaircraft improved mounts.	50	4	54	54	50	4		50	4	27				
Total, antiaircraft units (complete).												222	120	185
3-inch antiaircraft steelsheet (15-pounder).	160		160	160	95		65				160	160		

Trench warfare artillery.

	Total quantity ordered during the war.		Quantity present contracts, all sources.		Actual deliveries to Dec. 12.		To be delivered on outstanding contracts (revised basis).		Total received in France.		On hand in United States on completion current contracts (revised basis).	On hand France available for shipment to United States (50 per cent of ship-ments).	Final total available, all sources.	Received, 48 divisions.	Per cent total available to requirements.
	American.	French or British.	Original.	Revised.	American.	French or British.			American.	French or British.					
3-inch Stokes trench mortars....	4,507	2,610	7,117	11,830	1,830	886	225	886	771	233	987	814	1,801	1,152	156
4-inch Stokes trench mortars....	490	233	713	1,111	468	233	12	233	.....	104	480	155	595	240	248
58-mm. trench mortars.....	.....	135	135	135	.....	135	.....	1	.....	1	31	52	83	(3)	.....
150-mm. Faby mortars.....	.....	144	444	12	.....	1	11	.....	.....	.....	.....	.....	.....	.....	.....
6-inch Newton trench mortar...	2,077	823	2,900	1,500	417	513	153	503	48	503	1,452	254	716	576	125
240-mm. trench mortar.....	392	221	613	1,011	27	101	130	96	.....	96	15	48	390	240	158
				1,327							1,327				

1 United States.

2 British.

3 Not known.

4 French.

Railway and seacoast mounts.

	Present contracts, all sources.		Actual deliveries to Dec. 12, 1918.	Due on current contracts (revised basis).	On hand in France.	On hand in United States after completion of current contracts (revised basis).	Available in France to be transported to United States.	Final total sources.
	Original.	Revised.						
5-inch improvised carriages.....	28	NR	28	.....	26	2	26	28
5-inch gun.....	28	NR	28	.....	NR	28	.....	28
6-inch improvised mount:								
Improvised carriages.....	92	NR	92	.....	72	20	72	92
Limbers, 5 and 6 inch.....	212	NR	212	.....	170	42	170	212
Transport wagons.....	92	NR	92	.....	72	20	72	92
Gun, Army (seacoast guns).								
6-inch Navy improvised mounts:								
Improvised mounts.....	37	.....	1	.....	.....	1	.....	1
Limbers.....	37	.....	1	.....	.....	1	.....	1
Guns, 46 from Navy (30 from Bannerman, \$175,000).....	76	76	.....	.....	.....	76	.....	76
Firing platforms, 5 and 6 inch.....	157	.....	.....	.....	.....	.....	.....	.....
7-inch Navy railway mounts:								
Project carriages.....	12	NR	12	.....	.....	12	.....	12
Project guns.....	12	NR	12	.....	.....	12	.....	12
Gun cars.....	12	NR	12	.....	.....	12	.....	12
Ammunition cars.....	24	NR	24	.....	.....	24	.....	24
8-inch railroad projects:								
Barbette carriages.....	75	47	23	24	3	44	3	47
Guns.....	62	.....	58	.....	.....	.....	.....	.....
Gun cars.....	75	47	47	.....	3	44	3	47
Ammunition cars.....	150	92	92	.....	.....	92	.....	92
Spare-parts cars.....	19	1	1	.....	.....	1	.....	1
Fire-control cars.....	42	1	1	.....	.....	1	.....	1
Supply cars.....	130	1	1	.....	.....	1	.....	1
Narrow-gauge gun-truck cars.....	69	NR	69	.....	.....	69	.....	69
Narrow-gauge shell cars.....	47	NR	47	.....	.....	47	.....	47
Narrow-gauge gun-car trucks.....	73	NR	4	69	.....	73	.....	73
305-mm. Schneider mounts:								
Fabricated parts.....	136	136	120	116	4	32	4	36
Fabricated parts and castings.....	136	136	114	122	.....	36	.....	36
Trucks, 12-wheel.....	72	72	.....	72	.....	72	.....	72
Ammunition cars.....	72	NR	72	.....	.....	72	.....	72
Shuttle cars for ammunition.....	36	.....	.....	.....	.....	.....	.....	.....
10-inch guns.....	36	.....	.....	.....	.....	.....	.....	.....
10-inch batignolles railway mounts:								
10-inch gun (modification of seacoast, taken from fortifications).								
Carriages.....	18	.....	.....	.....	.....	.....	.....	.....
Ground platforms.....	18	.....	.....	.....	.....	.....	.....	.....
Ground platform cars.....	36	.....	.....	.....	.....	.....	.....	.....
Ammunition cars.....	36	.....	.....	.....	.....	.....	.....	.....

¹ Sets¹ Taken from coast fortifications.¹ For modification of seacoast guns.

Railway and seacoast mounts—Continued.

	Present contracts, all sources.		Actual deliveries to Dec. 12, 1918.	Due on current contracts (revised basis).	Delivered in France.	On hand in United States on completion of current contracts (revised basis).	On hand in France available for shipment to United States.
	Original.	Revised.					
12 - inch batignolles railway mounts:							
12-inch guns (modification of seacoast mounts).....	14	14	2	12		14	
Railway carriages.....	12	12		12		12	
Ground platforms.....	22	22		22		22	
Ground-platform cars.....	24	24		24		24	
Ammunition cars.....	36	36		36		36	
12-inch 10-caliber mortar railway project:							
12-inch mortars (seacoast guns, 139 removed, 100 modified).....							
Carriages.....	91	91	1	90		91	
Gun cars.....	90	90	17	73		90	
Ammunition cars.....	236	236	158	78		276	
Narrow-gauge shell cars.....	180		60			60	
Narrow-gauge gun transport cars.....	90						
Narrow-gauge gun car trucks.....	pr. 110						
12-inch 20-caliber howitzer railway project:							
12-inch 20-caliber howitzer Carriages (none ordered).....	120						
12-inch 50-caliber sliding railway mounts:							
12-inch 50-caliber gun.....	6	6	6			6	
Sliding mount.....	3	3	3			3	
Ammunition cars.....	9	9	9			9	
Ammunition shuttle cars.....	8	8		8		8	
14-inch 50-caliber railway project:							
14-inch 50-caliber guns.....	42	42	10	42	¹ 15	42	¹ 15
Navy type railway mount (complete).....	¹ 17	13	¹ 11	¹ 2	8	5	8
A. E. F. type railway mount (complete).....	16						
16-inch 20-caliber howitzer railway mount:							
Howitzer.....	62						
Carriages (none ordered).....							

¹ Navy.² 35 borrowed.³ 6 Army, 5 Navy.⁴ From Navy.

The CHAIRMAN. This table shows the total quantity ordered?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. And the quantity of present contracts from all sources, which seems to be in two divisions, original and revised. What is the meaning of that?

Gen. WILLIAMS. "Revised" is left after cancellation.

The CHAIRMAN. "On hand in France," and then a statement "Available on hand in France." What is the meaning of that phrase?

Gen. WILLIAMS. Of course, material is being worn out all the time over there. That is an endeavor to arrive at an approximation of what we will have on hand when the troops come back from France.

The CHAIRMAN. "A" represents available and "B" the total amount?

Gen. WILLIAMS. "B" to be produced in France and shipped to the United States. That is in a note in the left-hand corner.

The CHAIRMAN. "Available on hand in France" means what will be available in the sense of being usable in the future?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. And then available in the United States, and the total will represent the quantities that you will have on hand as the supply for your Army?

Gen. WILLIAMS. From all sources; yes, sir.

Mr. MONDELL. Those latter sums are estimated on the basis of their contemplated completion of contracts? Is that true?

Gen. WILLIAMS. You mean "A" and "B"?

Mr. MONDELL. No; the final total available, available from all sources, does not indicate the number now available from all sources, as I understand it, but the number that you estimate will be available from all sources when the contracts are completed to the point to which you expect to allow the completion to be made?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Then, you have a column showing the requirements for 48 divisions?

Gen. WILLIAMS. Yes, sir. The next column shows the percentage that we will have of those requirements. That is what Gen. Peirce told you the other day.

The CHAIRMAN. Your requirements are requirements of types rather than of models?

Gen. WILLIAMS. Yes, sir; a regiment equipped with the 1897 model will perform exactly the same function as a regiment equipped with the 1917 model.

Mr. MONDELL. And for practical purposes you can assume that those guns of all of the different makes are available for the equipment of troops in the future?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. This table shows all the 75-millimeter guns. I notice that you have separated them from the carriages. When you speak of guns you mean exclusive of the carriage?

Gen. WILLIAMS. We mean the tube only; the gun with the breech mechanism and everything ready to go on the recuperator. The unit for purposes of manufacture is divided into three parts: one is the carriage proper, the other is the recuperator that goes on the carriage, and the other is the gun that goes on the recuperator.

The CHAIRMAN. Apparently in this column you have put the guns in a class and the carriages in a class?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. I suppose the carriage includes the recuperator, or does the gun include it?

Gen. WILLIAMS. We have the manufacture of guns, we have the manufacture of carriages, and we have the manufacture of the recuperators.

The CHAIRMAN. I understand that. That is what your table shows?

Gen. WILLIAMS. It shows the gun separately, the carriage separately, and the recuperator separately.

The CHAIRMAN. I do not find the recuperator.

Gen. WILLIAMS. That is on the other page.

The CHAIRMAN. Have you so divided the recuperators as to make them relate to the different size guns?

Gen. WILLIAMS. Yes, sir; I have a sheet for the recuperators.

The CHAIRMAN. Your table shows the recuperators for all the different size guns on a separate sheet. Suppose, in submitting the sheet for the record, that you put the recuperators with your table of guns and of carriages.

Gen. WILLIAMS. Yes, sir; all right.

The CHAIRMAN. According to this table you will have of guns, speaking of the gun part of the tube as against the finished gun, 205 per cent?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Of the recuperators you have 53 per cent?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. And of the carriages 179 per cent?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. That would seem to indicate a rather unbalanced situation.

Gen. WILLIAMS. Yes, sir. You will notice the same thing all the way through.

The CHAIRMAN. Are you undertaking in any way to deal with that situation?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. You have 53 per cent contemplated of recuperators?

Gen. WILLIAMS. That requires some explanation. You will notice under the head of guns, model 1897 and carriages, model 1897, that we have considerable purchased from the French. We purchase those as units. That is, the French deliver to us the gun with its recuperator and its carriage so the whole thing is complete. The recuperators that we manufacture in this country will be only for use on the carriages that we are manufacturing in this country, so that while that 53 per cent is the per cent of the total it will probably supply the recuperators needed for the model 1897 carriages that we will manufacture in this country.

The CHAIRMAN. It does not mean then that 47 per cent of your requirements for 48 regiments will be without recuperators?

Gen. WILLIAMS. No.

The CHAIRMAN. That is what your table would indicate in the absence of an explanation.

Gen. WILLIAMS. The figure there is misleading.

The CHAIRMAN. What should appear is that of these tubes which you speak of as constituting 205 per cent and the carriages which you speak of as constituting 179 per cent of the requirements for 48 divisions, there is a certain percentage which have recuperators?

Gen. WILLIAMS. Yes, sir. The true percentage there would be indicated by adding to what we shall manufacture in this country all of the completed units that we obtain from the French.

The CHAIRMAN. Have you any idea what percentage it will give you of finished guns?

Gen. WILLIAMS. Of complete units?

The CHAIRMAN. Yes.

Gen. WILLIAMS. That is very easily obtainable from the table. If you will take the minimum of any one of those three elements that will give you the total number of completed units.

The CHAIRMAN. Suppose, in view of what has been said touching these 75-millimeter guns, which from a glance at the table apparently

applies somewhat, though to a less degree, to all the other calibers, that you put in a statement showing the completed units that you will have of the various classes.

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. This table would seem to indicate, touching the 75-millimeter gun units, that you had from American manufacture only just begun to get any recuperators and to a limited degree begun to get tubes and carriages.

Gen. WILLIAMS. The recuperator is just coming into production.

The CHAIRMAN. You had only obtained two finished ones?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Did they work?

Gen. WILLIAMS. Yes; they worked.

The CHAIRMAN. Have you any doubt as to the ability of the Government to manufacture these recoil mechanisms so as to get satisfactory results in actual use?

Gen. WILLIAMS. Not the slightest.

The CHAIRMAN. Is the Government making any of them in its own arsenals?

Gen. WILLIAMS. We are making them at the Rock Island Arsenal and also making them at the Singer Manufacturing Co.'s plant.

The CHAIRMAN. Then you are only making them at two places?

Gen. WILLIAMS. Yes; this particular kind.

The CHAIRMAN. Are you at any other places making similar recoil mechanisms for other caliber guns?

Gen. WILLIAMS. Dodge Bros. are making similar mechanisms for the 155-millimeter howitzer, of which they have made one thousand and some odd, I believe, which are satisfactory; Dodge Bros. are likewise making a similar recuperator for the 155-millimeter gun, of which they have made a small number which have been tested and which are satisfactory.

The CHAIRMAN. Your table would seem to indicate that of finished recuperators made in America you have obtained 2 for the 75-millimeter gun, 1,145 for the 155-millimeter howitzer, 13 for the 155-millimeter gun, and 8 for the 240-millimeter howitzer.

Gen. WILLIAMS. That is correct.

The CHAIRMAN. Is there any difference in principle as to this recuperator for any of the different types of guns?

Gen. WILLIAMS. The principle is the same, but there is some difference as to the interior mechanism.

The CHAIRMAN. The reason I asked that is this: You have apparently successfully made a large number for the 155-millimeter howitzer.

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. And a very much smaller number for the different types of guns.

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. And I wondered whether it was due to some mechanical difficulty or whether it was simply due to the time of placing the orders and the contractors with whom the orders had been placed.

Gen. WILLIAMS. The reason for it was that the plant for the manufacture of recuperators for the 155-millimeter howitzers came into production first; that is, got its difficulties thrashed out and got on a production basis in quantity.

The CHAIRMAN. Then, from that it would seem to follow that having successfully made quite a number of the recuperators for the 155-millimeter howitzers there should be no reason why you could not do it for the various types.

Gen. WILLIAMS. There is no reason why we should not. The plants for the manufacture of these recuperators have been very searchingly examined by the best of the French experts, and they pronounce them first-class plants, splendidly equipped, well laid out, and well operated.

The CHAIRMAN. You have not been procuring from the French any complete recuperators apart from those they have furnished with a completed unit?

Gen. WILLIAMS. Yes, sir; we made arrangements for the purchase of a certain number of the 75-millimeter recuperators and of the 155-millimeter-gun recuperators, we sending them the rough machine forgings and they doing the balance.

The CHAIRMAN. What are they doing in connection with those contracts?

Gen. WILLIAMS. Those contracts are being closed out by Mr. Stettinius in Paris just as we are closing out our contracts here.

The CHAIRMAN. Closing them out on what basis, if you know?

Gen. WILLIAMS. On the basis of the contract-obligations we have with the French Government.

The CHAIRMAN. Are you closing out the full contract obligations, or are you attempting to simply make some restrictions?

Gen. WILLIAMS. I am not familiar with all the details as to what Mr. Stettinius has done, but some of the contracts which had just been placed, I am pretty sure, have been canceled, while the French have insisted on going ahead with some of the old contracts and delivering a certain amount of the material.

The CHAIRMAN. Do you recall, roughly, what percentage of the requirements for 75 millimeters finished units you will have if you carry out the program indicated on this table?

Gen. WILLIAMS. We will have 179 per cent.

The CHAIRMAN. So you would really have a supply that would be sufficient for about 70-odd divisions?

Gen. WILLIAMS. Approximately; yes, sir.

The CHAIRMAN. In figuring these quantities for 48 divisions, are you figuring them on the basis of the new tables of organizations?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Do you mean that literally, General, because it developed in the fall that a sheet was made of requirements and then under cross-examination it developed that those requirements had been completely altered by word from overseas and as a result of that alteration instead of providing money for some 90 divisions it developed that we had provided money for equipping about two thirds that number.

Gen. WILLIAMS. I think you are referring to their change in organization of an army. The first organization over there provided that each army be composed of 30 divisions, 20 combat divisions and 10 depot and training divisions. Now, in the equipment of an army, so far as the artillery is concerned, we have, first, the divisional artillery, which forms an integral part of the division, and then you have a large fluid mass of artillery that is back of the divisions, and that is called

corps and army artillery. They revised the organization of the army and changed it from 30 divisions to 24 divisions, consisting of 20 combat divisions and 4 depot divisions. Now, for a given number of divisions that means, under the new organization, that you would have more armies than you would have under the old. The army artillery remained the same, but under the revised organization it took more army artillery per division than it did under the old.

The CHAIRMAN. My impression was that there was a change not only as to your corps artillery, but as to your division artillery.

Gen. WILLIAMS. The division artillery has remained pretty well fixed; that is, two regiments of the 75-millimeter and one regiment of 155-millimeter howitzers form the artillery brigade of each division, although there is some variation in that.

The CHAIRMAN. Without regard to the refinements of it, what I was interested in knowing was whether at this time you were using a new table of organization which represents the last agreed program.

Gen. WILLIAMS. We are using the last table of organization, which is 24 divisions to an army, consisting of 20 combat divisions and 4 depot divisions.

The CHAIRMAN. In view of the fact that you were just beginning, as shown by these tables, to come into quantity production in America, does not 25 per cent of possible cancellations in money value represent a rather conservative estimate of what can be done in the way of cancellations?

Gen. WILLIAMS. Of course, the 25 per cent is an estimate, but we have to remember that nearly all of these manufacturers are pretty heavily loaded up with material; that a great deal of it is in process, and that they are obligated to subcontractors to a very considerable extent. It may be possible that we may come out and be able to turn back more than 25 per cent, but I do not think it would be safe to assume that we will be able to do so.

The CHAIRMAN. Have you gone far enough in your work of ascertaining what was possible in the way of cancellations to have arrived at any general and rough rule of determination, due to the percentage of completion of work under way? What I mean, General, is this, if I can convey the idea: Manifestly certain work, when it has reached a percentage of completion, would have no value unless completed. That same work, at a less point of completion, might have a very much lessened value, and finally you might strike it at so slight a degree of completion as to warrant you in not desiring to finish an article, but to scrap it. I wondered whether you had come to any rough conclusions touching that?

Gen. WILLIAMS. No, sir; we have nothing that would be of value on that, and that could only be disclosed by an inventory of the various plants, showing just where they stand on all the various operations that are necessary to complete an article.

The CHAIRMAN. You suspended manufacture in a great many instances?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. That was for the purpose of getting the inventory of which you were speaking?

Gen. WILLIAMS. Before suspending, we had our various ordnance district chiefs submit a form on which they stated that such and such a contract could be cancelled outright, no work having been

started on it; that work had been started and they could cancel a certain number; and so on. Now, that was more or less our guide, was it not, Col. Stewart? Did you use that in making up your list of cancellations?

Col. STEWART. That was used as a guide, yes; and considered in connection with the requirements. Of course, generally, in these artillery requirements the opinion of the district chief would be the determining guide for the reason that the requirements had already been mapped out.

Gen. WILLIAMS. That was simply a rough preliminary survey, and the details such as you want can only be determined, and will only be determined, when we start to finally settle up the contracts, when each manufacturer will be required to take an inventory and present his claims in detail.

The CHAIRMAN. It is manifest that as to certain types of artillery it might be desirable to have a certain percentage of spare parts.

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. For instance, you might want a larger number of tubes, and you certainly would when you get to the larger calibers.

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Then, you would want carriages and recuperators?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Has any calculation been made as to what you desire in that regard or does it follow that you will have to obtain so much more of every part that goes to make up the finished unit that you do not need to consider that question and are thrown back again to the question of what you can cancel?

Gen. WILLIAMS. In most cases we will come back to the question of what we can cancel. Your first question, I think, would be pretty well illustrated by the condition of the recuperator manufacture. Of course, the first thing there is to get your rough forgings, and those have to come out in quantity and be piled up at the door of your manufacturer so as to fill up his shop; his whole shop has got to be filled up with these things in process before they can come along in quantity production. We got the manufacture of forgings in such condition that, I think, on the 11th of November we had most of the rough forgings required for the manufacture of the recuperators; a certain number will be carried to completion, but a certain number of those forgings, I think, will have to be scrapped. There will be a good many of them that will probably never be touched.

The CHAIRMAN. Are those forgings of any value?

Gen. WILLIAMS. They are of no value except as scrap.

The CHAIRMAN. By scrap you mean they will simply be of value for remelting?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. The character of the steel is such as to make them unavailable for other uses?

Gen. WILLIAMS. The shape of them is such that they are of no value for other purposes.

The CHAIRMAN. Is the quality of the steel also of such a character that it can not be used commercially?

Gen. WILLIAMS. The quality of the steel is such that it can not be used as an ordinary commercial product.

RESERVATIONS—INFORMAL OBLIGATIONS.

(See p. 856.)

The CHAIRMAN. General, a while ago, in discussing the moneys that would have to be spent for material that had not been started at all, or for ordnance expense other than procurement of material, it developed you were figuring that you would need, of the amount which you had put under the column of reservations, 15 per cent of it, or roughly, \$198,000,000. Can you give me some idea as to what that is to go for?

Gen. WILLIAMS. I do not know that I can give you any detailed statement as to what it will go for. There will be a number of obligations that we have assumed that have not taken a contract form. In a good many cases we had to start people to work on things under a procurement order, say, and then draw up the contract later.

The CHAIRMAN. Can you not give me some idea about a total as large as this? I assume the situation may be this, that a considerable amount of informal obligation has been created in connection with orders, and that there is an equitable, even if there be not a legal, obligation for a large amount of money which is represented in part of this total of one billion three hundred odd million dollars which you speak of as reservations.

Gen. WILLIAMS. Yes, sir; that is perfectly true. A great many of those things represented the projects which we had on hand which we were just working up, getting contractors for, and in some cases we had directed them to go ahead with work pending the drawing up of a formal contract. I have here a list of a good many orders which were of that nature and for which no contract has been drawn.

The CHAIRMAN. Have you any idea as to the total number of them?

Gen. WILLIAMS. No, sir; I could not give you any idea as to the total number.

The CHAIRMAN. In money, I mean.

Gen. WILLIAMS. No, sir.

The CHAIRMAN. Have you made any estimate touching the expense of the Ordnance Department as it relates to artillery for the balance of the year which is outside of and beyond the matter of paying debts in the way of contract obligations or informal obligations?

CATERPILLAR TRACTOR.

Perhaps, General, it may develop the situation a little bit if I ask you whether or not the arsenals contemplate undertaking any new projects this fiscal year for which funds under this appropriation will be required?

Gen. WILLIAMS. Yes; perhaps one of the most important developments of this war has been the caterpillar tractor and the things that come from it. We have made some caterpillar mounts upon which the pieces of various calibers have been directly mounted, and we want to go ahead making those because we believe that the caterpillar mount is going to very largely replace the horse in the matter of mobile artillery. Now we have mounted the 8-inch howitzer and the 155-millimeter gun, and we are also building caterpillar mounts for the 240-millimeter gun. We have designs for mounting the 75-millimeter guns and also a new gun, 3.3, on caterpillar mounts. Now, that is one of the development features which for us is a very

important one and one we want to continue, and we want to continue a certain amount of that development work at the arsenals.

The CHAIRMAN. Have you any idea as to how much money you expect to put into these new projects?

Gen. WILLIAMS. It will not be a very great amount of money. I should think four or five million dollars would cover the amount we expect to put into those particular things.

The CHAIRMAN. We have been dealing with this appropriation, apparently, on the basis that it covered only guns running up as high as 240 millimeters; in point of fact, have you not been building, out of these appropriations, the railway mounts for 12 and 14 inch guns?

RAILWAY AND SEACOAST MOUNTS.

Gen. WILLIAMS. Yes; the railway mounts are in this same appropriation. There, too, we have got to continue development work.

The CHAIRMAN. They do not show here on any of the tables that you have submitted.

Gen. WILLIAMS. Here is another table for the railway and seacoast.

The CHAIRMAN. Are tanks or anything else included under this appropriation?

Gen. WILLIAMS. Tanks are included under armored motor cars.

Mr. LEACH. Trench mortars, anti-aircraft guns and a lot of motor equipment are included.

The CHAIRMAN. So that this sheet you have just handed me of railway and seacoast mounts, together with those heretofore submitted, cover all that go under this head of field artillery?

Mr. LEACH. And trench mortars.

Gen. WILLIAMS. Here is another sheet for the trench mortars.

Mr. LEACH. And then there is a big line of motor equipment made up of three kinds, motor equipment connected with motorizing the batteries, ammunition truck companies and mobile repair shops.

The CHAIRMAN. General, suppose in view of what has developed informally and which I, for the moment had overlooked, that the moneys that we have been dealing with cover both the railroad and other special mounts and trench warfare artillery and the motorization of the various kinds of guns, that you place in the record along with the tables that we have already dealt with as to the various calibers of guns, a similar statement showing the quantities of this other material that will be procured and has been procured, and to what extent it will be sufficient or more than sufficient for these 48 divisions.

Gen. WILLIAMS. In other words, you want us to take this financial statement and parallel that with a statement of material similar to the one for the 75-millimeter and all the rest of the mobile artillery?

Mr. LEACH. Then there are also plant facilities for making artillery. Neville Island and Midvale are the two principal ones.

The CHAIRMAN. General, has any division been made of the financial sheet which was submitted showing how much of it has gone into plant investment and to what extent we are obligated for expenditures in connection with plant investment?

Gen. WILLIAMS. That, of course, is not shown on this table.

The CHAIRMAN. But have you any such table?

Gen. WILLIAMS. We can get from our books a statement of the cost of the plant facilities.

The CHAIRMAN. Now, many of those plants have been built for the purpose of making not only material that goes into field-gun material, but the same plant also frequently makes material that goes into ammunition and into material other than field artillery. Is that not true?

Gen. WILLIAMS. That would be true, of course, of any steel plant because any such plant—

The CHAIRMAN (interposing). In other words, you have not paid out of this fund the total cost of various plant facilities which you have created?

Mr. LEACH. It would be split; that is, if a plant made artillery and projectiles, the reservation would be split between this group and the ammunition group.

Gen. WILLIAMS. But, as a rule, our plants are single-purpose plant.

The CHAIRMAN. General, your table touching railway and seacoast mounts would seem to relate to carriages. Did it also include guns?

Gen. WILLIAMS. There are guns for all of the mounts.

The CHAIRMAN. There were existing guns, or did it contemplate the procurement of guns as well as the mounts?

Gen. WILLIAMS. All of the 12-inch are existing guns, the 14-inch some existing and some in the process of manufacture.

The CHAIRMAN. Presumably you are going through to completion with all of the carriages for these railway mounts, are you not?

Gen. WILLIAMS. Not all of them, but a very considerable number. We are not completing, for instance, the 16-inch howitzers and not completing the 12-inch 20-caliber howitzers. We had large programs under both of those.

The CHAIRMAN. You did not have any 16-inch howitzers ready for mounting, did you?

Gen. WILLIAMS. No, sir. We built one 16-inch howitzer and then we were starting on the Midvale project for the manufacture of 16-inch howitzers.

The CHAIRMAN. Those you are proposing to eliminate?

Gen. WILLIAMS. They are to be eliminated.

The CHAIRMAN. But all of the mounts for the 5, 6, 7, and 8-inch, the 305 millimeter Snider mount, the 10, 12, and the 14-inch—those guns you had?

Gen. WILLIAMS. Those guns we had.

The CHAIRMAN. You are going to complete the mounts for them?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. By mounts do you mean the railroad car and carriage—the entire mount?

Gen. WILLIAMS. The entire thing; yes, sir; also its equipment.

The CHAIRMAN. And its repair car?

Gen. WILLIAMS. The various cars that go with it.

The CHAIRMAN. As to the 5-inch carriages and guns you seem to have actually obtained all that your program called for?

Gen. WILLIAMS. The 5-inch are improvised mounts.

The CHAIRMAN. They were put on railroad cars?

Gen. WILLIAMS. No; the 5-inch were not put on railroad cars, nor the 6-inch. They are on wheeled mounts drawn by tractors. The mount needed could be quickly manufactured and serves the purpose of the gun, but is not as elaborate as the ordinary mount.

The CHAIRMAN. The 6-inch improvised mounts seem to have all been delivered?

Gen. WILLIAMS. And the 5-inch also.

The CHAIRMAN. As well as the 6-inch?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. The Navy improved mount—does that mean made by the Navy?

Gen. WILLIAMS. Improved 5, 6, 8, and 10 inch.

The CHAIRMAN. Did you ever develop your carriage for the larger size guns in a satisfactory way?

Gen. WILLIAMS. A railroad mount?

The CHAIRMAN. Yes, sir.

Gen. WILLIAMS. We have the Navy type for the 14-inch. That was the only one which was manufactured and it proved fairly satisfactory; not entirely so. Certain features, after the first mounts, were changed in the second and subsequent mounts. We sent engineers over to France, our own engineers, together with some from the Baldwin Locomotive Works and the American Bridge Co., and they got up a design of 14-inch mount that we proposed to go ahead and manufacture. That, however, I think, was canceled.

The CHAIRMAN. You never got any 14-inch under way?

Gen. WILLIAMS. Of our own manufacture?

The CHAIRMAN. Yes, sir.

Gen. WILLIAMS. No, sir.

The CHAIRMAN. How came the Navy to get so much ahead of you on that?

Gen. WILLIAMS. They started earlier, I suppose. We have put under manufacture a very considerable number of railroad mounts of other calibers, for instance, the 8-inch, and 10-inch, and the 12-inch mortar. We got some mounts delivered for what we call the Chilean 12-inch 50-caliber made by the Bethlehem Steel Co. for Chile. Those were actually manufactured.

The CHAIRMAN. What sort of a project have you for railroad mounted guns?

Gen. WILLIAMS. This is the project which you have before you.

The CHAIRMAN. This is simply carrying out a project incident to the war. You have not developed any project as to the quantities you want to have in America in connection with the seacoast defenses?

Gen. WILLIAMS. Not yet; no, sir. These that we continue the manufacture of will be diverted to seacoast purposes.

The CHAIRMAN. You are going to complete practically all of these except for some of the 14-inch and the 16-inch?

Gen. WILLIAMS. And the 12-inch 20-caliber howitzers. There was a very considerable program of them we will not continue. There were 120 of those laid down.

The CHAIRMAN. You had not started on them at all?

Gen. WILLIAMS. No, sir.

The CHAIRMAN. Either the guns or the carriages?

Gen. WILLIAMS. No, sir.

The CHAIRMAN. Are you able to state what expenditure you will have made in railroad and mounted guns and what you will save by the abandonment of part of the program?

Mr. LEACH. That will be a part of the statement which we will get up to-night; we are working on it now.

The CHAIRMAN. How satisfactory did these carriages which you built prove?

Gen. WILLIAMS. They have proven quite satisfactory in all the tests we have made of them. None of these has been on the firing line in France.

The CHAIRMAN. Have they all been tested?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Do you know whether the weight that they impose upon the track is such as to be taken care of by our railroad construction or will there have to be a change in the construction in order to use these heavy guns?

Gen. WILLIAMS. I think our permissible axle loads are greater than the French axle loads. As a rule, our railroad construction is heavier than the French construction. Just exactly what the permissible loads are I do not know. I am sure they are greater than the French, so anything you could use on the French roads you could use on ours.

The CHAIRMAN. You did use on the French roads the Navy 14-inch guns?

Gen. WILLIAMS. Yes, sir. The French complained that the axle loads were heavier than their regulations permitted, but they used them just the same.

The CHAIRMAN. The reason for my inquiry was the supposed use of them in connection with the seacoast defenses and how much that might involve the reconstruction of railroad lines so as to make them available.

Gen. WILLIAMS. I should not imagine any reconstruction, because these mounts had to go from the shops down to the place where they were transhipped.

The CHAIRMAN. How came it that you got none of them overseas?

Gen. WILLIAMS. They were not finished in time.

TRENCH MORTAR MATERIAL.

The CHAIRMAN. There has been considerable trench mortar material created under these appropriations?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Has any determination been made as to the quantities of such material that you would want in connection with an army of a given size?

Gen. WILLIAMS. We have the requirements for 48 divisions.

The CHAIRMAN. You base it on the same number of divisions?

Gen. WILLIAMS. Yes, sir. The trench mortar material is rather ephemeral, because the next war may be entirely different.

The CHAIRMAN. You seem to have undertaken to manufacture in America 3-inch Stokes, 4-inch Stokes, 6-inch Newton trench mortar, and the 240-mm. trench mortar, but not to have manufactured the 58-mm. nor the 158 mm.

Gen. WILLIAMS. The reason for that was when we went to France we had no trench mortar material, and we bought from the French whatever was available that they had. The 58-mm. trench mortar of French manufacture was really an old type. They were changing just about the time we got over there, but they did not have the new instruction coming along, that is, it was not produced in large

quantities at first. We bought the 58-mm. trench mortar from the French until we could equip ourselves with the 6-inch Newton, which is a British mortar and better.

The CHAIRMAN. To what extent have you undertaken to carry out your contracts for trench mortars; is it being limited merely by what you can get rid of?

Gen. WILLIAMS. All of the trench mortar material was choked off just as close as we could choke it.

The CHAIRMAN. You seem to have gotten some 3-inch Stokes made in America and in France some 6-inch mortars.

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Did you get them over before the armistice was signed?

Gen. WILLIAMS. I think so. The shipment of the 3-inch was made some time ago. The shipment of the 6-inch was more recent, but I think the material of our manufacture of that caliber got into actual service.

GUNS SHIPPED TO FRANCE BEFORE SIGNING OF ARMISTICE—DELIVERIES.

The CHAIRMAN. Did you get over into France before the end of the war any field artillery except a very limited number of 75-mm. guns?

Gen. WILLIAMS. We got over there 124 of the 75 mm. British model; that is, the kind we are purchasing from the Bethlehem Co., and of our own model 1916 we sent over, I think, 32.

The CHAIRMAN. Any other calibers?

Gen. WILLIAMS. Of field artillery?

The CHAIRMAN. Yes, sir.

Gen. WILLIAMS. The 5-inch and 6-inch seacoast. It is mobile artillery. The 5-inch and 6-inch seacoast guns were mounted on improvised mounts.

The CHAIRMAN. Those you started building immediately that war broke?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. And you got a few over there?

Gen. WILLIAMS. We got practically all of them over.

The CHAIRMAN. Did they ever get to the front?

Gen. WILLIAMS. I do not think they did.

The CHAIRMAN. So that the general statement which has been made that our contribution in artillery was practically nil is true?

Gen. WILLIAMS. We got a very considerable number of 8-inch howitzers over there that we had manufactured in this country, 82 altogether.

The CHAIRMAN. Did any of them ever get to the front?

Gen. WILLIAMS. They got to the front. I can not tell you how many. The British had contracts with the Midvale Steel Co. for the manufacture of these 8-inch howitzers and when we came into the war we continued the manufacture at Midvale just as soon as we could after the British orders were completed. We sent a considerable number of 8-inch howitzers of American manufacture, and some of those got to the front.

The CHAIRMAN. What was your prospective situation?

Gen. WILLIAMS. In regard to delivery?

The CHAIRMAN. Yes, sir.

Gen. WILLIAMS. By next spring we would have carried our burdens without any assistance.

The CHAIRMAN. And in the meanwhile?

Gen. WILLIAMS. We had orders and contracts with the French whereby our troops would have been equipped just as they were ready to receive the stuff.

The CHAIRMAN. That would not have made any considerable contribution from here?

Gen. WILLIAMS. You mean for 1918?

The CHAIRMAN. The war ended in November, and the peace in March; I mean in the meanwhile.

Gen. WILLIAMS. Yes, sir; we would have made very considerable contribution, and by March we would have been supplying our own needs. In regard to the delivery of vehicles in France, purchases of 75 mm. matériel from the French they could only one caisson per gun, whereas the ordinary organization provided one to each gun.

PURCHASE, MANUFACTURE, AND TEST OF AMMUNITION FOR FIELD, AND SIEGE CANNON.

The CHAIRMAN. This sheet, touching the purchase, and test of ammunition for field, railway, and coast artillery, shows, including balances that were on hand June 6, 1917, that there have been appropriated since that date \$3,254,222,383.06; that there have been contract authorizations of \$2,839,511,235, or a grand total of appropriations and authorizations for field artillery ammunition of \$6,093,733,598.06; that there have been disbursed, as of the 30th June 1918, \$1,704,918,880.26, with an undisbursed balance of \$4,388,814,717.80; that as of that same date there were outstanding contracts and allotments of \$1,540,282,464.09; that there was an undisbursed balance of \$9,021,038.71; and the table further shows projects contemplated, which is carried under the head of 15 per cent and which 15 per cent amounted to \$394,091,644.00; that there was an overobligation and reservation, which appeared under the head of free balance, of \$385,070,606.02.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Of the total contract authorizations of \$2,839,511,235 you have incurred obligations of \$353,986,000.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Leaving unused of such contracts \$2,485,525,011.76.

Mr. LEACH. Yes, sir.

The CHAIRMAN. The 15 per cent amounts to \$394,091,644, counting that the same as an obligation; there were contract authorizations \$2,436,100,000.

Mr. LEACH. Yes, sir.

The CHAIRMAN. You have incurred obligations and allotments of 25 per cent.

Mr. LEACH. Yes, sir. The outstanding balance of the outstanding balance to that 15 per cent figure.

this case, and it is the only one of the various statements that it does take it all up. In relation to the contract authorizations, to take care of the balance of contract obligations that we could not take care of from the cash, 75 per cent of the overlap is \$265,489,667.43, and the reservation figure set up against contracts, representing 15 per cent of the reservations, is \$49,362,326.16, making a total reservation needed, in addition to all of the cash, of \$314,851,993.59. As the total reservations were \$2,839,511,235, the amount free for return to the Treasury is \$2,524,659,241.41; that is, out of the reservations only.

The CHAIRMAN. You mean, of the contract authorizations which can be repealed the amount is \$2,524,659,241.41?

Mr. LEACH. Yes, sir.

The CHAIRMAN. And all of the cash will be needed?

Mr. LEACH. Yes, sir. I might add to that, that the total contract commitments in this case amounted to \$1,894,268,687.33, and the reservations were \$2,956,359,805.80, making the total of commitments, either contract or theoretical prospective contracts, \$4,850,28,493.13.

The CHAIRMAN. If I understand your statement there must be appropriated in the future, assuming your program is worked out on the basis you state, an amount of cash represented by the difference between \$2,839,511,235 and \$2,524,659,241.41.

Mr. LEACH. Or \$314,851,993.59. That is the position on this statement. We retain all of the cash and \$314,000,000, in round figures, out of the contract authorizations.

The CHAIRMAN. I wish you would place in the record at this point the financial statement just referred to.

Mr. LEACH. Very well.

(See revised statement on p. 880.)

The CHAIRMAN. In figuring these totals I note that you have included two items, one of \$500,000 for a powder factory, provided for some years ago.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Which probably belongs here, though, of course, it was a factory to make powder for seacoast ammunition as well as field artillery ammunition; and then you have an item of \$1,137,000, which was appropriated to purchase, in the event that tests warranted it, the Hammond inventions touching radio-dynamic torpedoes, as well as their manufacture, which was a seacoast matter rather than a field artillery ammunition matter, and it does not belong in this table.

Mr. LEACH. We will take it out. As it shows here we were giving up the balance of the whole thing.

The CHAIRMAN. You are giving it up without any knowledge as to whether it is going to be needed or not. The Army is not prepared to give it up, is it?

Mr. LEACH. I did not give it up personally, but I gave it up on the advice of—we went over that with Col. Summers and the finance people. We will take it out and leave it with the seacoast.

The CHAIRMAN. So that would not change your grand total at all but would change your total of appropriations by that amount of money?

Mr. LEACH. Yes, sir. I will have that eliminated and submit a revised sheet on it.

Statement of condition of appropriations, purchase, manufacture, and test of ammunition for field, railway, anti-aircraft, and trench warfare artillery.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contingent obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Whole reservation as of Nov. 30, 1918.	Free balance as of Nov. 30, 1918.
Ammunition for Field Artillery, National Guard:							
Balance of appropriation as of Apr. 6, 1917.....	\$7,995,732.25	\$14,764,339.20	\$3,231,393.05		\$3,231,393.05		\$3,231,393.05
Army act, May 12, 1917 (1917-18).....	10,000,000.00						
Ammunition for anti-aircraft guns, Army:							
Balance of appropriation, 1917.....	1,640,000.00	682,530.42	957,469.58	\$670,234.96	287,234.62	\$4,911.71	292,322.91
Act of June 15, 1917 (1917-18).....	200,000.00		200,000.00	11,025.29	188,974.71	9,150.00	179,924.71
Army act, May 12, 1917 (1917-18).....	500,000.00	72.52	499,927.48		499,927.48	499,927.48	
Army powder factory:							
Balance of appropriation as of Apr. 6, 1917.....	367,000,000.00						
Act of June 15, 1917.....	1,293,091.17						
Transferred to Chemical Warfare Service:							
Balance of appropriation as of Apr. 6, 1917.....	365,716,908.83	314,973,936.13	50,742,972.70	47,066,463.85	3,676,506.85	247,908.75	3,428,600.10
Urgent deficiency, Oct. 6, 1917.....	7,697,800.63						
Fortifications, July 3, 1918.....	663,000,000.00						
Urgent deficiency, Nov. 4, 1918.....	2,000,000,000.00						
Transferred to Chemical Warfare Service.....	280,000,000.00						
	83,635,053.66						
	2,867,032,741.98	1,374,496,001.99	1,492,534,739.99	1,492,534,739.99		2,618,935,800.26	\$ 618,935,800.26
Total of cash appropriations.....	3,263,065,393.06	1,704,918,880.26	1,548,166,502.80	1,540,282,464.09	7,894,038.71	2,619,097,094.20	\$ 611,813,659.49
Contract authorizations, armament of fortifications, "C":							
Fortifications act, July 9, 1918.....	1,513,734,550.00						
Deficiency, Nov. 4, 1918.....	1,325,776,885.00						
	2,839,511,235.00		2,839,511,235.00	313,968,223.24	2,485,525,011.76	336,662,107.60	2,148,862,904.16
Grand total.....	6,092,596,618.06	1,704,917,880.26	4,387,677,737.80	1,494,268,687.33	2,493,409,050.47	2,956,359,805.80	402,960,765.33

Estimated savings.

	Appropriation.	Contract authorization.	Total.
Unreserved balance as of Nov. 30, 1918.....	\$2,611,815,659.49	\$2,148,862,904.16	\$462,952,755.33
25 per cent of outstanding contract obligations and allotments.....	385,070,616.02	88,496,555.81	473,567,171.83
88 per cent of unallotted reservations as of Nov. 30, 1918.....	2,226,743,043.47	286,162,791.46	2,512,905,834.93
Total estimated savings.....		2,523,522,251.43	2,523,522,251.43
Appropriations:			
Total appropriation available.....		\$1,155,211,848.07	\$1,548,166,502.80
Amount needed to liquidate outstanding contract obligations and allotments (75 per cent of \$1,540,282,464.09).....		392,954,654.73	1,548,166,502.80
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$2,619,697,698.30).....			
Total saved from appropriation.....			
Contract authorization:			
Total contract authorization available.....		285,486,667.43	2,839,511,235.00
Amount needed to liquidate outstanding contract obligations and allotments (75 per cent of \$353,986,223.24).....		50,499,316.14	315,985,983.57
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$336,692,107.60).....			
Total saved from contract authorization.....			2,523,522,251.43

The CHAIRMAN. A great part of this money was to be used in the manufacture of shells to be loaded with gas. Does this total include what has been allotted to the Chemical Warfare Service?

Mr. LEACH. If you will look at the first column, you will see in two cases, or in one case, rather, in the last part of the appropriations there, that 83 odd million dollars has been transferred to the Chemical Warfare Service. That represents the portion of this appropriation that we obtained for the gas filling and the work of loading and assembling.

The CHAIRMAN. That is not included in your totals at all?

Mr. LEACH. No, sir; it is not.

The CHAIRMAN. But it is included, I find, in the statement submitted by the Chemical Warfare Service?

Mr. LEACH. Yes, sir.

BASIS OF CANCELLATION OF CONTRACTS.

The CHAIRMAN. General, is there any way by which you could tell us in very broad classes the quantities of the various kinds of ammunition that you were expecting to procure under this project, or even as to how much is involved in existing contracts?

Gen. WILLIAMS. That would not throw much light on the actual condition of the appropriations, though, which, after all, is the thing you are after, is it not?

The CHAIRMAN. Yes; but what I have in mind is whether we could know something of the quantities of finished ammunition that you have on hand or are going to have on hand in connection with the various types of guns.

Gen. WILLIAMS. You want the quantities ordered for each caliber?

The CHAIRMAN. What I am particularly after is finding out the amounts you have received or are bound to receive. I take it that with a program as elaborate as this, which as I recall was a program looking to supplying four armies or 4,500,000 men, you will have on hand or will have to receive a quantity of ammunition of every type desired in excess of what your reserve would be for 48 divisions?

Gen. WILLIAMS. One of the troubles about the kind of statement you want would be this: The orders and contracts are placed and, for instance, one man will make the rough forgings and will have a contract for making so many rough forgings, and those will be sent on to another man who will do the machining. Then you have to order the fuses and you have got to have your explosives loaded and the shell would be sent to the loader and the loader would be given an order to load so many shells. As a matter of fact, it would not follow at all that those orders would all be the same.

The CHAIRMAN. No, of course not; but have you not actually got of finished shell or the work on component parts so completed as to make necessary the assembling of the completed shell in greater quantities than you will want for all your different calibers?

Gen. WILLIAMS. The orders outstanding for the loading of shell and the completing of rounds of ammunition will give us very much more than we will need.

Col. HARRIS. Some calibers probably are not now in the state Mr. Sherley speaks of. There may not be enough machined shells in some of the calibers, but that is generally true.

The CHAIRMAN. What are you using as determining factors in the cancellation of contracts?

Gen. WILLIAMS. We are first using the requirements of the 48 divisions. That comes in sometimes. Then we are cutting down as much as we can considering the conditions of the market; in other words, we are shutting off as close up as we can.

The CHAIRMAN. What do you estimate to save out of contracts which you have on hand?

Mr. LEACH. \$473,567,171.83.

The CHAIRMAN. That is, of contracts?

Mr. LEACH. Yes, sir.

The CHAIRMAN. That will leave how much of contracts to be paid for?

Mr. LEACH. That leaves \$1,420,701,515.50.

The CHAIRMAN. No; you are including there what are not contracts but reservations.

Mr. LEACH. I split it. You see your total there is \$1,894,268,687.33, and whether they happen to be against the cash appropriation or the contract authorization, they are the same character of obligation and the total contracts are the figure I just mentioned. Now from that we figure on this sheet to save \$473,567,171.83, as I stated before, and that leaves the figure I mentioned of \$1,420,701,515.50, which is 75 per cent of the total contracts.

The CHAIRMAN. Then to that you add an expenditure of 49—

Mr. LEACH. We add to that 15 per cent of our registered reservations.

The CHAIRMAN. Which amount to 49—

Mr. LEACH. No; it amounts to both figures, the top and bottom figure. It amounts to \$443,453,980.91. That is all the same class of stuff.

Col. WOLFE. Those are reservations.

Mr. LEACH. Yes.

The CHAIRMAN. General, you will be prepared, as far as the situation makes possible, to submit under this head of "Ammunition" the same character of statement, showing the purposes for which the additional expenditure is contemplated or is to be made, as was asked for and promised in connection with field artillery. Your statement should show in a rough way the expenditures contemplated of about \$1,800,000,000.

Gen. WILLIAMS. Yes, sir.

TARGET PRACTICE AMMUNITION, MOUNTAIN, FIELD, AND SEIGE CANNON.

The CHAIRMAN. Under the head of "practice ammunition," which you call "sub-caliber ammunition," including the available balance as of April 6, 1917, there has been appropriated a total of \$94,470,364.65, and contract authorizations granted of \$65,175,061, or a grand total of \$159,645,425.65. There have been disbursements made as of November 30, of \$8,208,124.23; there was an undisbursed balance as of that date of \$86,262,240.42, with outstanding contract obligations and allotments of \$828,176.43; an unallotted balance of \$85,434,063.99; reservations of \$1,486,204.01, and a free balance of \$83,947,859.98.

Mr. LEACH. Yes, sir.

The CHAIRMAN. No part of the contract authorization has been used, and, according to the statement, all of it can be canceled.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Here again, you are figuring that 25 per cent of the outstanding contract obligations and allotments can be canceled, amounting to \$207,044.10, and you are figuring on cancelling 85 per cent of your unallotted reservations, amounting to \$1,263,273.41, which, together with your free balance, would make as the total amount that could be covered into the Treasury \$85,418,177.49.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Now, the obligations here for the procurement of this practice ammunition are very closely linked with and probably tied to obligations made for service ammunition?

Mr. LEACH. As you will see, Mr. Chairman, out of the available \$151,000,000 of cash and contract authorizations together, we are giving up \$150,000,000, and we are keeping less than \$1,000,000.

The CHAIRMAN. Now, practically you have here less than \$1,000,000 worth of outstanding contract obligations?

Mr. LEACH. Yes, sir.

The CHAIRMAN. You have \$828,000 worth?

Mr. LEACH. Yes, sir.

The CHAIRMAN. So that you are contemplating to spend about \$621,000 to liquidate your contract obligations?

Mr. LEACH. Yes, sir.

The CHAIRMAN. Have you such informal contracts under the heading of "Reservations" as require, in order to be met, 15 per cent of the total amount?

Mr. LEACH. There are two kinds of items in here; one is service rounds and the other is subcaliber stuff, and to tell exactly what is going under the \$1,486,000 and under the \$828,000, so far as service rounds go, as compared with the account that we have just finished or have just been over, that being Account C, Regular Ammunition, would require an inspection of each individual item on the books.

The CHAIRMAN. I suppose, General, that here you are canceling whatever you can get rid of?

Gen. WILLIAMS. Yes, sir; we are.

The CHAIRMAN. You will certainly have all of the ammunition left over that you can possibly use for practice purposes.

Gen. WILLIAMS. Yes, sir; we will have a surplus of ammunition.

Statement of condition of appropriations, subcaliber ammunition for field, railway, anti-aircraft, and trench warfare artillery.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contracts, obligations, and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Reservation as of Nov. 30, 1918.	Free balance as of Nov. 30, 1918.
Armament of fortifications "N" act June 15, 1917.....	\$9,000,000.00	\$6,903,043.92	\$2,096,956.08	\$427,756.85	\$1,669,199.23	.....	\$1,669,199.23
Armament of fortifications "N":							
Balance of appropriation as of Apr. 6, 1917.....	870,364.65						
Fortifications, July 8, 1918.....	84,600,000.00						
	85,470,364.65	1,305,080.31	84,165,284.34	400,419.98	83,764,864.76	1,486,204.01	82,278,600.75
Total of cash appropriations.....	94,470,364.65	8,208,124.23	86,262,240.42	828,176.43	85,434,063.99	1,486,204.01	83,947,859.98
CONTRACT AUTHORIZATIONS.							
Armament of fortifications "N," deficiency, Nov. 4, 1918.....	65,175,061.00		65,175,061.00		65,175,061.00		65,175,061.00
Grand total.....	159,645,425.65	8,208,124.23	151,437,301.42	828,176.43	150,609,124.99	1,486,204.01	149,122,920.98

Estimated savings.

	Appropriation.	Contract authorization.	Total.
Unreserved balance Nov. 30, 1918.....	\$83,947,839.98	\$65,175,061.00	\$149,122,920.98
25 per cent of outstanding contract obligations and allotments.....	207,044.10		207,044.10
85 per cent of unallotted reservation as of Nov. 30, 1918.....	1,263,273.30		1,263,273.30
Total.....	\$85,418,177.38	\$65,175,061.00	\$150,593,238.38
Total appropriation available.....			\$84,262,240.42
Amount needed to liquidate outstanding contract obligations and allotments (75 per cent of \$628,176.43).....		\$621,132.33	
Amount needed to liquidate reservations and finance department for rest of year (15 per cent of \$1,486,244.01).....		222,930.60	
			844,062.93
Total saved from appropriation.....			\$5,418,177.48
Total saved from contract authorization.....			\$5,175,061.00
Total saved from all sources.....			\$10,593,238.48

ALTERATION AND MAINTENANCE OF MOBILE ARTILLERY.

The CHAIRMAN. You have a statement here as to the appropriations made under the head of "Alterations and maintenance of field artillery," etc., which, including the available balance as of April 6, 1917, shows a total appropriation of \$384,687,341.91, and a contract authorization of \$100,000,000 additional, which latter has not been used, and it is proposed to cancel it, so that it can be eliminated from further consideration. Of the cash you have had, you have disbursed \$36,222,881.17; you had an undisbursed balance as of November 30 of \$348,464,460.74; outstanding contract obligations and allotments as of that date of \$71,901,224.45, and an unallotted balance of \$276,563,236.29. Then you had reservations of \$409,701,983.42, which, if you should meet them in their entirety, would indicate a deficiency in cash of \$133,138,747.13.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Now, here again you propose to make a saving by the cancellation of 25 per cent of your outstanding contract obligations and allotments, amounting to \$17,975,306.11, and 85 per cent of your unallotted reservations, amounting to \$348,246,685.80, which, after subtracting your deficiency of \$133,138,747.13, would make an estimated cash saving of \$233,083,244.78, which would be the amount of cash to be covered into the Treasury.

Mr. LEACH. Yes, sir.

The CHAIRMAN. What constitutes this \$409,000,000 worth of unallotted reservations?

Gen. WILLIAMS. This appropriation, among other things, carries with it the preparation of the big machine shop, repair shop, etc., that we have had to have back of the lines over in France, in which very large quantities of machinery were required. The reservations for that machinery were very large. Just what they were I do not know. It also covers the repairs and maintenance that we have in this country, including repairs and spare parts for all the artillery.

The CHAIRMAN. A lot of that was covered under your disbursements and your outstanding contract obligations, was it not?

Gen. WILLIAMS. You are asking about the unallotted balance.

The CHAIRMAN. I am wondering why most of the things you have recited were not taken care of, or why they were not covered under your outstanding contract obligations.

Gen. WILLIAMS. One of the big things we had there was the question of relining our guns in France, and particularly the big guns. We made every effort to get that work done by the French, by the British, and by the Italians in their established plants. We put off doing it ourselves until we finally gave up hope of getting them to do it, and then we had to go into it. I am pretty sure that a good deal of that appropriation is included in the unallotted reservations, because I think a good deal of that was put out under procurement orders.

The CHAIRMAN. Of course we had no repairing of our own guns to do, unless by "our guns" you mean the guns the French and British furnished to us.

Gen. WILLIAMS. We were making preparations to repair practically all of our artillery—that is, to reline and practically to rebuild.

The CHAIRMAN. You evidently contemplate, according to this table, having to spend a little over \$115,000,000. Can you tell us just what that is to be expended for? A part of it will go for taking care of these obligations, but we would like to have you, if possible, segregate that fund so as to show what is going for spare parts or actual repair work, and what part of it is going into equipment of plants, etc.

Gen. WILLIAMS. You want the same detailed information here that you requested under the other item.

The CHAIRMAN. What it comes down to is this, that we want to know what you expect to spend the \$115,000,000 for.

Statement of condition of appropriations, "Alteration and maintenance of field railway and trench warfare artillery."

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undebursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Reservation as of Nov. 30, 1918.	Free balance as of Nov. 30, 1918.
Armament of fortifications "L":							
Act of June 15, 1917.....	\$25,000,000.00	\$11,063,080.24	\$13,936,919.76	\$7,604,985.07	\$6,332,024.69	\$384,078.50	\$5,447,945.19
Balance of appropriation as of Apr. 6, 1917.....	1,052,331.80						
Urgent deficiency Oct. 6, 1917.....	158,334,000.00						
Fortifications July 8, 1918.....	200,000,000.00						
Armament of fortifications "O," balance of appropriation as of Apr. 6, 1917.....	359,386,331.80	24,882,814.22	334,503,517.58	64,296,329.38	270,207,248.20	408,817,903.92	(138,610,665.72)
	300,950.11	276,986.71	23,963.40		23,963.40		23,963.40
Total of cash appropriation.....	384,687,341.91	36,222,891.17	318,464,450.74	71,901,224.45	276,563,236.29	409,701,983.42	(133,138,747.15)
Contract authorities, armament of fortifications "L," fortification act July 9, 1918.....	100,000,000.00		100,000,000.00		100,000,000.00		100,000,000.00
Grand total.....	484,687,341.91	36,222,891.17	418,464,450.74	71,901,224.45	376,563,236.29	409,701,983.42	(33,138,747.15)

Estimated savings.

	Appropriation.	Contract authorization.	Total.
Unreserved balance Nov. 30, 1918.....	\$153,158,717.15	\$100,000,000.00	\$53,158,717.15
25 per cent of outstanding contract obligations and allotments as of Nov. 30, 1918.....	17,975,308.11		17,975,308.11
83 per cent of unallotted reservation as of Nov. 30, 1918.....	348,246,685.80		348,246,685.80
Total estimated savings.....	233,083,244.78	100,000,000.00	333,083,244.78
<hr/>			
Total appropriation available.....			\$248,464,460.74
Amount needed to liquidate outstanding contract obligations and allotments (75 per cent of \$71,901,224.45).....		\$53,925,628.34	
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$409,701,983.42).....		61,455,267.62	
			115,381,215.96
Total saved from appropriation.....			233,083,244.78
Total saved from contract authorization.....			100,000,000.00
Total saved from all sources.....			333,083,244.78

ARMORED MOTOR CARS—TANKS.

(See pp. 898, 918.)

The CHAIRMAN. You have a statement showing the moneys that have been appropriated for armored motor cars. It shows, including the balances that were available as of the 6th of April, that there has been appropriated a total of \$317,280,966.63 and that there have been contract authorizations of \$406,640,000, or a grand total of \$723,920,966.63; that there have been disbursements of \$95,132,712.66, with an undisbursed balance of \$222,148,253.97, with outstanding obligations and allotments of \$89,806,725.91, with an unallotted balance of \$132,341,528.06, and reservations of \$97,242,856.45, leaving a free balance of \$35,098,671.61. You figure that of the outstanding contract obligations and allotments 10 per cent of them can be canceled, making a saving of \$44,903,62.95, and that 85 per cent of the unallotted reservations can be canceled with a saving of \$82,656,427.98, or a total saving of \$162,558,462.54?

Mr. LEACH. Yes, sir.

The CHAIRMAN. And that all of your contract authorizations can be repealed, no part having been used?

Mr. LEACH. Yes, sir.

Statement of condition of appropriations, armored motor cars.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Unallotted reservation as of Nov. 30, 1918.	Unreserved balance as of Nov. 30, 1918.
Armored motor cars:							
Act of June 15, 1917 (1917-18).....	\$3,900,000.00	\$2,805,589.50	\$1,004,410.50	\$669,571.86	\$334,838.64		\$334,838.64
Balance of appropriation as of Apr. 6, 1917.....	480,966.63						
Army act, May 12, 1917.....	600,000.00						
Urgent deficiency, Oct. 6, 1917.....	36,750,000.00						
Army act, July 9, 1918 (1919-20).....	37,830,966.63	18,663,938.25	19,167,028.38	17,798,539.24	1,368,489.14	\$40.00	1,368,449.14
Contract obligations, Bureau of Ordnance:	75,550,000.00	4,211,385.19	71,338,614.81	71,338,614.81		97,242,816.45	97,242,816.45
Army act, July 9, 1918.....	200,000,000.00	69,361,799.72	130,638,200.28		130,638,200.28		130,638,200.28
Armored motor cars.....							
Total of cash appropriations.....	317,280,966.63	95,132,712.66	222,148,253.97	89,806,725.91	132,341,528.06	97,242,856.45	35,098,671.61
Contract authorizations, armored motor cars:							
Army act, July 9, 1918.....	272,422,500.00						
Deficiency.....	134,217,500.00						
Total.....	406,640,000.00		406,640,000.00		406,640,000.00		406,640,000.00
Grand total.....	723,920,966.63	95,132,712.66	628,788,253.97	89,806,725.91	538,981,528.06	97,242,856.45	441,738,671.61

Estimated savings.

	Appropriation.	Contract authorization.	Total.
Unreserved balance Nov. 30, 1918.....	\$35,088,671.61	\$406,640,000.00	\$441,738,671.61
50 per cent of outstanding contract obligations and allotments, as of Nov. 30, 1918.....	44,903,362.95	.....	44,903,362.95
85 per cent of unallotted reservations as of Nov. 30, 1918.....	82,656,427.98	.....	82,656,427.98
Total estimated savings.....	162,656,462.54	406,640,000.00	1,569,298,462.54

The CHAIRMAN. First, what is included under the generic term of armored motor cars?

Col. ALDEN. As far as I know, nothing but tanks. There was some early expense on armored motor cars as such, but that amounts to very little.

Gen. WILLIAMS. That has been practically dropped the past several months.

The CHAIRMAN. You have \$89,000,000 worth of outstanding obligations and you figure a 50 per cent cancellation as against 25 per cent in most of the other matériel that we have been discussing. What makes the reason for that?

Col. ALDEN. The 50 per cent figures a little bit high; it will not run 50 per cent. The principal reason for that is that the program had not advanced to a point as far on this line of matériel as on some of the others. The figure which Mr. Leach has on it of \$89,000,000 outstanding contract obligations is made up to a certain extent of contracts which were let on a cost plus a fixed profit basis. The figures entering into this were estimated originally. The later estimates show that in one line of tanks the actual cost is going to run somewhat higher.

Col. ALDEN. There were two large contracts hanging in the wind, one for about \$75,000,000 and one for about \$6,000,000, both of which it was possible to stop with an expenditure of less than \$5,000,000.

The CHAIRMAN. There will not be anything like a 15 per cent payment required then?

Col. ALDEN. In this particular case, no.

The CHAIRMAN. Colonel, in view of the fact that these contracts are limited in number and in type, can not you tell us pretty accurately how much money you expect to have to spend? You got \$222,000,000. How much of that are you going to have to spend?

Col. ALDEN. That is the figure that I gave you, approximately \$60,000,000, of which \$58,667,000 is for actual production work on the tanks and \$2,373,000 is for plant facilities for which we have been committed and which can not be avoided, for work under way, making a total of \$61,000,000, which it looks like we will have to spend in spite of anything that we can do on this program.

The CHAIRMAN. Your saving comes to approximately what? This table shows, though by a different route.

Mr. LEACH. Just the same figure.

The CHAIRMAN. Let me ask you, first, what your program called for in the way of various kinds of tanks?

Col. ALDEN. The original program was for 4,440 tanks of the railroad type, that is the Americanization of the French small tank, 1,000 of a slightly improved model over that, and 1,500 of a very big tank larger than the present British tank, a joint design of the British engineers and ours. On the 1,500 America was to supply the power plant and engineering plans and England was to supply the hulls and the guns, and a still further American program on the same tank of 1,450, for which America would supply the entire tank, the interior parts, and everything. In addition to that, we had in the air, just ready to start, a program of 15,000 small tanks, which, however, it was possible to choke right off before they got into the swing, giving us practically three types of tanks, the little one, the medium one, and the very big one.

The CHAIRMAN. What will you have as a result of the \$95,000,000 which you have spent and the \$61,000,000 which you will have to spend.

Col. ALDEN. We will finish up a thousand of the medium-sized Americanized Renault tanks, because they are very far along. We could finish up a lot more than a thousand from the material which is pretty nearly completed. It has been decided to finish up a thousand and one hundred of the very big tanks known as the Mark A, and no others. In other words, we will finish 1,000 of the medium size and 100 big tanks.

The CHAIRMAN. How many tanks had you gotten, if any, prior to the signing of the armistice?

Col. ALDEN. You mean across the water?

The CHAIRMAN. Here or across the water or both?

Col. ALDEN. There were none across the water.

Mr. MONDELL. Of any size?

Col. ALDEN. Only some experimental tanks; none were put in the fighting force. Of the French Renault type on December 12, 180 were entirely completed and finished in every respect and in addition to that there were 150 or 175 waiting for minor parts, and which a few days work would have finished up.

The CHAIRMAN. It is that type that you will have a thousand of; that is, inclusive of those that you had nearly finished?

Col. ALDEN. Yes, sir. Those were being built at three plants, each of which was going to furnish about 1,500. We have cut those plants to an average of about 300 apiece, a very big cut.

The CHAIRMAN. Have you actually made those settlements?

Col. ALDEN. The orders of cancellation have gone out, but the settlements have not been made.

The CHAIRMAN. You were to get 100 of the big type?

Col. ALDEN. Yes, sir.

The CHAIRMAN. Are those 100 to be completed by the joint work of England?

Col. ALDEN. We were to get the interior parts for the 100. They are all done and lying in storage ready to ship, and would have been on the water by this time. The hulls will be secured from England and the tanks were to be erected at the Rock Island Arsenal, according to the present program.

The CHAIRMAN. Did you get a mutual cancellation from England for the hulls and guns and of the United States for the engines, as to the balance of these big tanks which were to be jointly built?

Col. ALDEN. The matter of the components which were to come from England, Mr. Stettinius was notified to make such arrangements as he could. We have not yet his report as to what arrangements he did make. We have the information, however, that England had completed only somewhere between 250 and 300 of the hull parts.

Mr. MONDELL. That is, the large one?

Col. ALDEN. Yes, sir.

The CHAIRMAN. Was not France in that?

Col. ALDEN. Not in the production. She was to participate in the distribution, but not in the production.

The CHAIRMAN. You are still to supply England with the balance of the engines needed for the hulls?

Col. ALDEN. No; they do not want any of these large tanks, because they have a lot of their manufacture, their Mark 5, left over.

The CHAIRMAN. They are not going to take your Liberty motors for these big tanks?

Col. ALDEN. No, sir.

The CHAIRMAN. You figure that you will have to take 100 of the shells that England has completed?

Gen. WILLIAMS. We want to take them.

The CHAIRMAN. Will you have to take any more?

Gen. WILLIAMS. No, sir.

The CHAIRMAN. How about the guns that went with them?

Col. ALDEN. All we know is they had only between 250 and 300 sets of components, which included the guns. That is exactly the same gun which goes into their own tanks.

The CHAIRMAN. Is that a 50-50 contract?

Col. ALDEN. So far as the capital put into the Anglo-American Commission was concerned. The final settlement as to how much the United States pays and how much Great Britain pays, is going to be determined by the council at Versailles. That point was never reached.

The CHAIRMAN. You are estimating to pay for simply 100 shells?

Col. ALDEN. That was our expectation.

The CHAIRMAN. And your financial statement is predicated on that?

Col. ALDEN. Yes, sir.

Mr. MONDELL. As to the smaller tank, you say they are being built here?

Col. ALDEN. The medium size French tank, we are building 4,400 in this country.

The CHAIRMAN. Is that the tank spoken of as the Whippet?

Col. ALDEN. No, sir; that is the Renault. The Whippet, in the American public mind, has been fixed as a little bit of a tank; it is an 18-ton tank.

The CHAIRMAN. How many outstanding contracts had you in number—I mean the different firms—at the time the armistice was signed?

Col. ALDEN. Primary contracts, I should say, approximately 150. Those, of course, were split up into subcontracts in which we were not interested.

The CHAIRMAN. Those were for accessories and components, rather than for completed tanks?

Col. ALDEN. Yes, sir. For the completed tank of the Renault type we had three producers.

The CHAIRMAN. Have you been able to make a summary of all these minor contracts to see where you are going to come out on them?

Col. ALDEN. That is all included in this \$58,667,000.

The CHAIRMAN. Do you use an ordinary machine gun, except for its mounting, in these tanks?

Col. ALDEN. We use an air-cooled type of machine and not a water-cooled type of machine.

The CHAIRMAN. What make?

Col. ALDEN. The first of the Renault machines were to be equipped with a modified modern aircraft gun, but a gun of the Browning type was being brought along as a substitute to be used as soon as it could be gotten.

PLANT EXTENSIONS—SALVAGE.

The CHAIRMAN. You spoke a while ago of something like \$2,000,000 worth of plant extensions that the Government was obligated for. Of what does that consist?

Col. ALDEN. That consists of about \$1,500,000 at the Ford plant; two programs on which they were just approaching production, and the plant was pretty well completed; \$500,000 at the Locomobile Co.'s plant, a big extension to their plant to build Liberty motors; and about \$400,000 on the United States tank program, which included additional facilities for building transmissions, and things like that.

The CHAIRMAN. Do you mean a \$2,000,000 obligation for a plant already completed or proposed additions that you were obligated for?

Col. ALDEN. No, sir; we were obligated for a great deal more than that, but this is what will have to be paid to settle up for the United States.

The CHAIRMAN. These were plant extensions that had been made at that cost?

Col. ALDEN. Yes, sir.

The CHAIRMAN. Are you figuring a settlement on the basis of the outlay made by the private manufacture or are you figuring on the basis of an adjustment, the Government being credited with some value that the plant is to the manufacturer?

Col. ALDEN. We are not taking that into account at all, because that is problematical. There may be some salvage, but it would not be much.

The CHAIRMAN. Why not?

Gen. WILLIAMS. These figures include salvage, do they not?

Col. ALDEN. Very little. A plant that is put up on somebody else's property and must be torn down and moved has not any great salvage value, although it may have some.

The CHAIRMAN. That is, assuming it must be torn down; but take Mr. Ford, for instance; he will probably have considerable use for that plant in making automobiles instead of tanks.

Col. ALDEN. One of these plants was one which was put up particularly for the heat treatment and fabrication of armor plate; it was purely a special job. There may be some salvage which they may take off of our hands at some figure which will net the Government some money, but that is not taken into consideration at the present time because it is so problematical.

The CHAIRMAN. So to the extent that any salvage may exist touching these contracts, you have that much leeway?

Col. ALDEN. There is some leeway, yes, but it is problematical.

Gen. WILLIAMS. In addition to all the savings indicated by these figures will be the salvage of whatever is disposed of.

The CHAIRMAN. If I understand you, these are the actual existing outlays that have been made by private manufacturers in the way of plant extensions under contracts authorizing the extensions.

Col. ALDEN. Yes, sir.

The CHAIRMAN. How many other contracts for plant facilities did you have?

Col. ALDEN. On this tank proposition very few others.

The CHAIRMAN. You got rid of them entirely?

Col. ALDEN. Practically all; yes, sir. There were not very many other extensions that manufacturers had to put in. These figures are an estimate pure and simple and they may fluctuate one way or another.

The CHAIRMAN. You are going on with no extensions now?

Col. ALDEN. No, sir; everything has been stopped short.

EXPERIMENTAL WORK ON TANKS.

(See pp. 891, 918.)

The CHAIRMAN. Are you doing any experimentation work?

Col. ALDEN. Yes, sir.

The CHAIRMAN. Where?

Col. ALDEN. The Ford Co. is building us one new model; we are still experimenting with the large tank, modifications of that tank. and when we move this work to the Rock Island Arsenal it is our hope to get enough money from the Government so that this can be prosecuted vigorously and this branch of the service built up as it ought to be.

The CHAIRMAN. Are you figuring on using any of this money for that purpose?

Col. ALDEN. No, sir.

The CHAIRMAN. You expect that for whatever experimentation may take place in the future you will come to Congress and ask for the money and get the authorization?

Col. ALDEN. Yes, sir.

Gen. WILLIAMS. Are we not retaining enough to put in these 100 tanks?

Col. ALDEN. One thousand of the Renault type and 100 of the other type.

The CHAIRMAN. But that is not experimentation?

Col. ALDEN. No, sir.

The CHAIRMAN. That is necessary in order to avail yourselves of what you are bound to take in the way of components?

Col. ALDEN. Yes, sir; to put them in usable form.

The CHAIRMAN. Are you proposing to put these 1,000 tanks in completed form?

Col. ALDEN. Yes, sir.

The CHAIRMAN. And the 100 of the heavies?

Col. ALDEN. Yes, sir.

The CHAIRMAN. So that you will have 1,100 usable tanks?

Col. ALDEN. Yes, sir.

The CHAIRMAN. That means fully equipped?

Col. ALDEN. Yes, sir.

The CHAIRMAN. With spare parts?

Col. ALDEN. Yes, sir.

The CHAIRMAN. Will you have any reserve?

Col. ALDEN. There will be a big reserve of the big tanks, because 17 per cent of the components of the 1,500 were completely finished, and on the Renault type there are quite a good many items that were well along, two or three thousand of them, so that we will keep all that is necessary for a liberal amount of spares and turn the rest into alyage.

The CHAIRMAN. Is there any salvage value in them?

Col. ALDEN. On some of the parts, yes, sir; but on the bulk of them nothing more than so many cents per pound, or whatever you can get for them.

The CHAIRMAN. Do you figure any spare engines for the tanks?

Col. ALDEN. Yes, sir. Roughly, we figure 20 per cent for spares, 15 per cent of that 20 per cent is in the form of completely assembled units for motors, and on top of that is 5 per cent more of unassembled parts. A few of the miscellaneous items run, of course, a great deal higher than that, parts that wear out and break easily.

FRIDAY, DECEMBER 27, 1918.

AUTOMATIC MACHINE RIFLES.

STATEMENTS OF MAJ. GEN. C. C. WILLIAMS, CHIEF OF ORD-
NANCE; COL. EARL M'FARLAND, AND MR. F. R. LEACH, OF
THE ORDNANCE DEPARTMENT; AND BRIG. GEN. H. M. LORD,
AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS.

The CHAIRMAN. You have submitted a table touching the appropriation for automatic machine rifles which shows, including the balances available as of April 6, that there has been appropriated \$538,317,346.25, and there have been contract authorizations of \$441,788,000. From your table it appears that none of the contract authorizations has been availed of and can be repealed, so that we can ignore that item in the consideration of the statement.

Of the cash received you have disbursed \$132,760,862.22 and had undisbursed as of November 30, \$405,556,484.03, and had outstanding contracts, obligations and allotments of \$175,462,651.03, and unallotted balances as of that date of \$230,093,833 and reservations of \$235,268,791.57. So that your outstanding contracts and reservations create, in lieu of a balance, a deficiency of \$5,174,958.57.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Your statement shows that of your outstanding obligations of \$175,462,651.03, it is estimated you will need to liquidate them \$114,050,722.17, or what seems to be about 65 per cent.

Mr. LEACH. Yes, sir.

The CHAIRMAN. And that of the reservation of \$235,268,791.57 you will require \$35,290,318.74 or about 15 per cent, making the total amount required to liquidate obligations of all characters \$149,341,040.91, leaving a net amount of cash that can be turned into the Treasury of \$256,215,443.12, in addition to the contract authorization of \$441,788,000.

Mr. LEACH. Yes, sir.

Statement of condition of appropriations, automatic machine rifles.

Title of appropriations.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Reservation as of Nov. 30, 1918.	Free balance as of Nov. 30, 1918.
Automatic rifles:							
Balance of appropriation as of Apr. 6, 1917.....	\$5,728,140.71	\$5,479,765.16	\$248,375.55		\$248,375.55	\$53,425.93	\$164,940.62
Act of June 16, 1918.....	66,900,000.00	37,802,052.33	29,097,947.67	\$8,180,806.96	19,917,140.71	17,126.35	19,900,014.36
Urgent deficiency act, Oct. 9, 1917.....	220,277,000.00	72,089,098.30	148,187,901.70	71,338,967.13	76,848,934.57		76,848,934.57
Army act, May 12, 1917 (1917-18).....	5,000,000.00	4,845,757.44	154,242.56	13,601.28	140,641.28		140,641.28
Army act, July 9, 1918.....	237,144,000.00	9,825,051.63	227,318,948.37	94,920,115.44	132,398,832.93	235,106,238.29	102,768,406.89
Automatic rifles for National Guard:							
Balance of appropriation as of Apr. 6, 1918 (1917-18).....	1,768,205.54	1,565,584.03	202,621.51		202,621.51		202,621.51
Army act, May 12, 1917.....	2,500,000.00	1,153,563.33	1,346,436.67	1,009,160.22	337,286.45		337,286.45
Total of cash appropriation.....	538,317,346.25	132,780,862.22	405,556,484.03	175,462,651.03	230,086,833.00	235,268,791.57	6,174,943.57
Contract authorizations, automatic rifles:							
Army act, July 9, 1918.....	337,726,000.00						
Deficiency act, Nov. 4, 1918.....	104,062,000.00						
Total contract authorizations.....	441,788,000.00		441,788,000.00		441,788,000.00		441,788,000.00
Grand total.....	980,105,346.25	132,780,862.22	847,344,484.03	175,462,651.03	671,881,833.00	235,268,791.57	436,613,041.43

Estimated savings.

	Appropriation.	Contract authorization.	Total.
Unreserved balance Nov. 30, 1918.....	85,177,958.57	\$441,788,000.00	\$426,912,041.43
25 per cent of outstanding contract obligations and allotments as of Nov. 30, 1918.....	61,411,928.86	.....	61,411,928.86
85 per cent of unallotted reservation as of Nov. 30, 1918.....	199,978,472.83	.....	199,978,472.83
Total estimated savings.....	256,215,443.12	441,788,000.00	698,003,443.12
Total appropriation available.....	.....	.....	\$405,556,494.08
Amount needed to liquidate outstanding contract obligations and allotments (85 per cent of \$175,462,651.03).....	.....	\$114,060,722.17	.....
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$253,288,791.57).....	.....	35,280,318.74	.....
Total saved from appropriation.....	.....	.....	149,341,040.91
Total saved from contract authorization.....	.....	.....	256,215,443.12
Total saved from all sources.....	.....	.....	441,788,000.00
	.....	.....	698,003,443.12

AMOUNT NECESSARY TO SETTLE OUTSTANDING OBLIGATIONS.

(See p. 905.)

The CHAIRMAN. Are you prepared to explain somewhat in detail the expenditure of \$149,341,040.91, which it is expected will have to be spent?

Col. MCFARLAND. My figures are not identically the same as those, Mr. Sherley. I have indicated here that the cancellations from that \$175,000,000 will amount to about \$83,000,000, which will leave a balance of \$92,000,000, which would be required for the projects not canceled. Then I have taken this as the basis in making out my cancellations, and assuming that 25 per cent of that \$175,000,000 were given up, that would be \$43,000,000 out, which would leave a balance of \$39,134,400 left for the settlement of the claims aggregating \$83,000,000; in other words, would leave slightly under 50 per cent; or, I have assumed that of \$83,000,000 cancellations, we will be required to pay the contractor about 50 per cent of that. That is due to the fact that a great deal of the work is in process.

The contracts have been worked upon for some time, material has been ordered, lots of it had been cut up, and in order to make an adjustment with the contractor in his canceling down process, we will have to pay him for that material that he had worked on, and we will also have to pay for material which he has ordered. Now, a great deal of that material will be salvaged, and we will get the money back for it, but before we get the money back we will have to pay the contractor for it.

The CHAIRMAN. You come practically to the same figures by a different method.

Col. MCFARLAND. Yes; very nearly the same thing.

The CHAIRMAN. That would leave practically \$114,000,000 to clean up your contract obligations.

Col. MCFARLAND. Yes; that is practically the same thing.

ADVANCES TO MANUFACTURERS FOR FACILITIES AND DISMANTLING OF PLANTS.

I have also included some facilities. I do not know whether Mr. Leach has gone into that detail; \$7,550,000 is included in facilities, and I do not know whether they have been paid for or not, so that is an obligation which we may have to meet. I have endeavored to pick out only those items that I was reasonably certain from the reports of men in my section, had not been paid for.

The CHAIRMAN. What do you mean by "facilities"?

Col. MCFARLAND. We have picked out, for instance, the New England Westinghouse plant at East Springfield. In order to give them a contract they had to be financed. The Government made a contract with them whereby the Government bought practically all of the machinery which they would install or had installed in their factory. I think that amounted to something like \$4,000,000, as I recall it. I have \$2,500,000 down on my notes as the part we still are obliged to pay for. So that the Government owns all of that machinery on which the Westinghouse Co. is making machine guns. The Westinghouse Co. buys that machinery from its subcontractors for the United States, but it belongs to and becomes the property of the United States.

The CHAIRMAN. Has not that been included in your outstanding obligations?

Col. McFARLAND. I know this particular Westinghouse case has not been included in the obligations. It should have been.

The CHAIRMAN. If I understand you, then, instead of having outstanding obligations of \$175,000,000, you have that amount plus some \$7,000,000 more?

Col. McFARLAND. That is in the reservations.

The CHAIRMAN. According to this statement, you are figuring \$35,000,000 to take care of reservations which will have to be carried through.

Col. McFARLAND. Yes, sir.

The CHAIRMAN. What makes up the balance of it?

Col. McFARLAND. I do not understand you.

The CHAIRMAN. You say the Government has got to spend \$35,000,000, or 15 per cent of the amount which it carries on its books under the head of reservations. Now, I am trying to find out why.

Mr. LEACH. Mr. Sherley, may I put that in another way? They are asking \$149,000,000 to clean up all their obligations. The division between allotments and reservations being a bookkeeping division, Col. McFarland is not specially familiar with that. He is dealing with the whole amount of money needed to clean up our obligations in this account, which is \$149,000,000.

The CHAIRMAN. I do not care, just so you make me a list showing what the \$149,000,000 goes for.

Col. McFARLAND. \$114,000,000 is required for the settlement of claims. Then there is the balance between that \$114,000,000 and \$149,000,000 or \$35,000,000, and a part of that would come in facilities, as I have mentioned, and the dismantling of plants; for instance, parts of the Winchester plant, the Westinghouse plant, the Marlin-Rockwell plant, and the Remington plant. That machinery has to be taken out of those plants, transported to some Government agency, and either set up as a factory or else placed in storage. The dismantling of those factories is a big item.

The CHAIRMAN. Unless they should choose to take it off your hands.

Col. McFARLAND. Yes; if they want to buy it, then that is another contingency. We have to have funds, however, to provide for their not desiring to buy. That amounts to \$2,050,000, as I have estimated it, which estimate I took roughly from the amount which the Remington plant had charged to rearrange machinery for making machine guns and in setting it up in their plant.

REPAIR AND STORAGE OF MACHINE GUNS.

Then I have included an item of \$1,050,000 for the repair and storage of machine guns which will be brought back to the United States, both German machine guns and American machine guns.

The CHAIRMAN. Have you not a repair item?

Mr. LEACH. In the case of machine rifles this account covers both the original rifle and its maintenance.

The CHAIRMAN. So that practically something under \$42,000,000 would have to be paid in addition to the \$92,000,000?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. Which would make \$134,000,000?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. Then, you figure that, in addition to that, there would be an expenditure necessary in connection with the dismantling of plants of——

Col. McFARLAND (interposing). \$2,250,000 is my estimate.

The CHAIRMAN. And then \$600,000 to continue——

Col. McFARLAND (interposing). No, sir; that \$600,000 is included in the \$2,250,000.

The CHAIRMAN. Is there any other expense that you figure on?

Col. McFARLAND. No, sir; those are the only expenses I have been able to foresee.

The CHAIRMAN. You make your total expense how much?

Col. McFARLAND. \$136,000,000, roughly. Using \$42,000,000, or your figure, makes it \$136,250,000 instead of \$149,000,000, as shown on that list.

The CHAIRMAN. You cover back into the Treasury, then, \$269,000,000?

Col. McFARLAND. Yes, sir; \$269,000,000.

The CHAIRMAN. Suppose you place in the record a statement as to the obligations of the Government under this item, whether those obligations be in the form of legal obligations or whether they be in the form of commitments so as to involve a moral obligation upon the Government, differing only from a legal one in that it has not been reduced to a binding contract.

Col. McFARLAND. I will do so.

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, January 8, 1919.

From: Col. McFarland, Chief of Small Arms Division.

To: Finance Section, Administration Division—Attention Mr. F. R. Leach.

Subject: Automatic rifle legal and moral obligations.

1. The records of this office show that all the outstanding obligations are covered by formal contracts, with the exception of obligations amounting to \$56,241,440.54. These are informal or moral obligations, which are to be made.

EARL McFARLAND,
Colonel, Ordnance Department, United States Army,
Chief Small Arms Division.

NUMBER OF AUTOMATIC RIFLES ON HAND.

The CHAIRMAN. Have you a statement as to the quantities of automatic rifles that were in your project for which these monies were appropriated, showing the number that you have received, the number that you will have to receive, and the stock that you will have on hand?

Col. McFARLAND. I can give you most of that. I have a statement of the total amount ordered, the amount delivered, the amount undelivered, and the amount which must be delivered after cancellations. I will insert that statement in the record.

(The statement referred to is as follows:)

Article.	Ordered.	Delivered.	To be delivered after proposed cancellations.	Amounts on hand in United States and in hands of troops and expected completions.	Amounts in France which will be returned for use.	Required for Foreign Division.	Available stock.	Surplus.
Browning machine guns.....	150,000	52,135	97,865	35,530	32,470	14,640	51,765	+37,125
Browning machine-gun spare parts (sets).....	80	29	51	15,865	114	(*)	534	.....
Browning automatic rifle.....	288,174	62,984	225,190	64,064	37,510	38,416	83,419	+25,003
Browning automatic rifle spare parts (sets).....	138	35	103	85	117	(*)	85	.....
Browning aircraft machine gun.....	55,000	776	54,223	2,278	1,387	(*)	2,613	.....
Browning aircraft machine-gun spare parts (sets).....	84,720	39,339	45,381	3	.....	(*)	36,182	.....
Lewis aircraft and ground type machine gun.....	4,925	1,838	3,087	29,535	13,235	(*)	2,703	.....
Vickers aircraft, 30-caliber.....	4,535	1,684	2,851	2,371	1,529	(*)	2,703	.....
Browning tripods.....	90,000	16,496	73,504	2,783	822	(*)	40,638	.....
Browning tripods.....	14,063,748	5,778,321	8,314,249	350,941	4,822	14,640	3,240,891	+35,048
War box.....	241,104	132,321	108,783	47,370	12,889,749	(*)	130,382	+77,822
Slings, straps, swivel link, and screws.....	633,983	321,104	312,883	136,382	68,702	(*)	243,873	.....
Vickers metallic belt link, 11-millimeter.....	27,185,200	9,591,250	17,593,950	244,873	5,490,000	(*)	7,695,200	.....
Vickers metallic belt link, 20-caliber.....	46,150,260	31,575,538	14,574,932	7,693,200	22,151,883	(*)	14,998,377	.....
Marlin-Browning metallic belt links.....	85,000,000	18,664,882	66,335,118	14,998,377	8,590,000	(*)	26,509,988	.....
Chests for supplies.....	15,794	2,050	13,744	26,509,988	1,1,025	(*)	4,631	.....
Trench sights.....	31,050	31,050	3,606	4,400	.....	(*)	4,400	.....
Marlin tank guns.....	7,217	1,260	5,957	630	1,630	(*)	630	.....
Ammunition carts.....	34,946	18,839	16,107	17,971	5,975	(*)	17,971	+9,635
Machine gun carts.....	34,464	19,375	15,119	19,207	6,287	(*)	19,207	+10,871
Nonexpansible machine-gun belts.....	2,445,157	1,162,540	1,282,617	863,887	1,581,270	(*)	863,887	.....

* No definite record although it is estimated that 50 per cent of production in this country. * No available records. * No requirements figured yet.

ATTITUDE OF MANUFACTURERS' TOWARD CANCELLATIONS.

The CHAIRMAN. How many different concerns were engaged in making machine guns and automatic rifles?

Col. McFARLAND. There were six prime contractors, the Winchester Co., the Marlin-Rockwell Co., the Colt Co., the Westinghouse Co., the Savage Co., and the Remington Arms Co.

The CHAIRMAN. What dispositions have those companies shown touching cancellations?

Col. McFARLAND. The Remington Co. has protested quite vigorously, but the other companies have shown a disposition to cancel in accordance with the wishes of the Ordnance Department. That is especially true, I believe, in the case of the Marlin-Rockwell Co. They have shown an inclination to get back to peace-time production as quickly as they can, apparently realizing that the tail has to be cut off, and that the sooner it is cut off the sooner it will heal.

The CHAIRMAN. Is your difficulty as to cancellations due to the physical conditions surrounding the manufacture—that is, where a certain amount of rifles were in process of manufacture—or is it due in any degree to an unwillingness on the part of manufacturers to relieve the Government from contracts?

Col. McFARLAND. I can not say, because if a manufacturer is actuated by the latter feeling, he is careful not to so indicate. The manufacturers have protested in favor of labor. That has been the line they have taken.

Gen. WILLIAMS. Generally speaking, covering all contractors, and not referring particularly to these, when manufacturers have a regular line of business, they have shown a disposition to relieve the Government.

SUSPENSION OF WORK.

The CHAIRMAN. Have you suspended all work as contradistinguished from cancellations?

Col. McFARLAND. Orders have gone out that work must be suspended rather than canceled. I do not know of any complete cancellations.

The CHAIRMAN. Is any work being permitted to go on without suspension pending an inquiry as to what can be done?

Gen. WILLIAMS. Suspension notices have been sent out.

The CHAIRMAN. As I understand it, what has happened is this: There has been a notification sent to the various manufacturers as to the extent that they should continue manufacturing, but there has been no complete cessation of work.

Col. McFARLAND. No, sir. I was referring to the legal distinction between cancellation and suspension.

BROWNING MACHINE GUNS.

The CHAIRMAN. You have made and put into the service now quite a number of both light and heavy Browning guns?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. Are they satisfactory?

Col. McFARLAND. Eminently satisfactory.

The CHAIRMAN. Is that a statement from the standpoint of the Ordnance Department, or from the standpoint of the users of the guns?

Col. MCFARLAND. That is the statement from the Expeditionary Forces. A cablegram came in not a great while ago which stated that one particular division had used the Browning heavy guns in the first-line trenches under the most severe conditions; that when the troops came out of the line to go to the rear for rest, the guns were covered with mud and rust, and that they were in the very worst possible condition. As I recall it, 16 guns were selected at random; a rag was drawn through the bore to be sure that the bore was not stopped up in such manner as to cause difficulty, and the breech was, perhaps, swabbed out. Then a belt of 250 cartridges was fed into each one of those machine guns, and every gun fired the entire belt without a single stoppage, malfunction, or breakage. It was quite a wonderful exhibition, judging from the report we got. As to the Browning light gun, a report came that at the schools there had been a little difficulty; that some of the bolts were soft, due to faults in manufacture, and that some breakages had occurred. The statement went on to say that when called upon to perform in the line, they were always ready and had always fulfilled their function.

In other words, I judge from the report that while both guns were entirely satisfactory, the Browning heavy gun had been superior up to that time to the Browning light gun; although a report was sent that the General Staff in France was working on a plan to double the number of Brownings per company.

Gen. WILLIAMS. They have doubled the number, and now propose to place a Browning rifle with every squad.

Col. MCFARLAND. After the Browning light rifle reached the other side, our Government received inquiries from both the French and British regarding them. It was stated that France would take 5,000 Browning light guns per month, and that England would take practically all she could get. I may have it reversed, but both France and England wanted the Browning light gun.

The CHAIRMAN. It is to be your standard gun?

Gen. WILLIAMS. For that class of work; yes, sir.

The CHAIRMAN. To the exclusion of the other type?

Gen. WILLIAMS. No, sir; not to the exclusion of the shoulder type. The machine gun has developed along two lines: One is the heavy gun which is mounted on a solid tripod, and which is really in the nature of a very light piece of artillery, and the other is along the line of the very light machine rifle that a man can carry on his shoulder. He can carry it forward in an advance.

Mr. GILLET. Can he shoot it from his shoulder?

Gen. WILLIAMS. It is difficult to shoot it from the shoulder, but it is a light gun and can be carried forward on the shoulder.

Mr. GILLET. Does he get a rest for it?

Gen. WILLIAMS. Yes, sir. They fire them lying down. The heavy machine gun of the type of the ordinary water-cooled gun, is used for indirect fire, just as artillery is used for indirect fire. It is used for barrage work.

The CHAIRMAN. There was some agreement looking to the acquirement of patent rights in connection with the automatic rifle.

Col. McFARLAND. We bought the Browning patents for the duration of the war.

The CHAIRMAN. What did you pay for them?

Col. McFARLAND. As I recollect it, we paid Mr. Browning \$1,000,000, of which he turned back \$600,000 in taxes on the \$1,000,000; that is, \$600,000 represented the excess war tax. The Colt Co., as I remember, was paid \$1,250,000.

The CHAIRMAN. What are you paying for the light and heavy guns?

Col. McFARLAND. I am not able to give you the exact figures.

The CHAIRMAN. You can place them in the record.

Col. McFARLAND. I will do so. The figures have gone down continually. I think the last ones on the heavy mobile army type were about \$267, the Browning aircraft type about \$210, and on the light somewhere around \$110.

The CHAIRMAN. Your patent rights expire at what period?

Col. McFARLAND. At the end of the war. The United States has the right to complete all guns in process without further payment of royalties, and also to make necessary parts for the maintenance of guns without further royalty payments. The War Industries Board was the agency that determined the royalty payments, its conclusion, of course, being approved by the Ordnance Department. The officer of the War Industries Board who actually negotiated the matter was Mr. Bascom Little, who later came into the Ordnance Department as a major.

MANUFACTURE OF ARMS.

The CHAIRMAN. You have presented a statement touching the manufacture of arms, which, I take it, includes the ordinary rifle, the bayonet, the trench knife, the pistol, and the bolo?

Mr. LEACH. Yes, sir.

The CHAIRMAN. That shows that there has been appropriated, including available balances that existed as of the 6th of April, \$492,062,599.12, and that contract authorizations have been issued for \$242,481,200, or a grand total of cash and contract authorizations of \$734,543,799.12. Of the contract authorizations, no part seems to have been used, and, according to your statement, can now be covered into the Treasury?

Mr. LEACH. Yes, sir.

The CHAIRMAN. Of your cash there had been disbursed as of the 30th of November, \$133,247,586.84; there was undisbursed as of that date \$358,815,012.28, with outstanding contract obligations and allotments of \$215,310,599.51, an unallotted balance of \$143,504,412.77, reservations against it of \$53,233,770.09, with a free balance of \$90,270,642.68?

Mr. LEACH. Yes, sir.

The CHAIRMAN. You estimate that of the outstanding contracts you need \$139,951,889.67 to liquidate, and that of your reservations you need to liquidate them \$7,985,065.51, or a total of \$147,936,955.18 which taken from your available cash would leave \$210,878,057.10, which might be covered into the Treasury?

Mr. LEACH. Yes, sir.

The CHAIRMAN. And in addition the total contract authorizations could be repaid?

Mr. LEACH. Yes, sir. May I call your attention to one point in this statement. In the statement submitted last week, which was all run in together, there was an item of what we call contract obligations, Bureau of Ordnance, for \$475,000,000. That item was originally appropriated for by the Military Affairs Committee in July as an advanced cash payment on the six contract authorizations that they passed at the same time that they passed the \$600,000,000 advance cash appropriation to be applied as the Ordnance Department saw fit, by order of the Secretary of War. One hundred and twenty-five million dollars of that had been distributed, which left \$475,000,000 on this date, \$125,000,000 cutting down the contract authorization that had been enacted in July in the Army bill.

The \$475,000,000 we showed on the statement last week as a unit under the title "Contract obligations, Bureau of Ordnance." Against that was shown \$133,147,152.83, contract obligations for manufacture of arms, and a certain amount for armored motor cars, which we will take up later. In preparing this statement I split \$475,000,000 in two and threw \$275,000,000 arbitrarily into this, leaving \$200,000,000 in the armored motor cars, and if you follow the line across the sheet that shows contract obligations of \$133,147,152.83, leaving a free balance of \$141,852,847.17, which is just another way of disposing of the thing with exactly the same result as we showed last week.

The CHAIRMAN. As I recall it, the Army act carried certain authorizations?

Mr. LEACH. Yes, sir.

The CHAIRMAN. And there was voted the lump sum of \$600,000,000?

Mr. LEACH. Yes, sir.

The CHAIRMAN. To take care of these contract authorizations in part?

Mr. LEACH. Yes, sir.

The CHAIRMAN. In presenting these tables, you have been presenting the contract authorizations at their face?

Mr. LEACH. Yes, sir; except in the case where the \$125,000,000 had already been applied against. There it was the reduced figure.

The CHAIRMAN. You had better place a memorandum in the record showing to just what extent you reduced the contract authorizations with a credit of part of this \$600,000,000 cash.

Mr. LEACH. \$75,000,000 of the \$600,000,000 had been transferred to Ordnance Stores and Supplies, reducing the contract authorization as it was enacted in July by that amount, and \$50,000,000 had been transferred to manufacture of arms, canceling the same amount of the July contract authorization. That left \$475,000,000 undistributed.

The CHAIRMAN. You are distributing \$275,000,000 of it here?

Mr. LEACH. \$275,000,000 here and \$200,000,000 in the motor cars.

The CHAIRMAN. Having already distributed \$50,000,000 under manufacture of arms you have reduced the contract authorization for manufacture of arms by \$325,000,000?

Mr. LEACH. That is right, unless this has some bearing on it: Of the \$325,000,000 there is \$141,000,000 that is free and is turned in and against the \$275,000,000 we are only setting up the balance of the obligation, \$133,000,000, and that leaves \$141,000,000 free.

The original contract authorization for ordnance stores and supplies, included in the Army act of July 9, 1918, was \$350,299,260; \$75,000,000 of the \$600,000,000 general appropriation included in the same act under the title of contract obligations, Bureau of Ordnance, has been applied in reducing the original contract authorization of \$350,299,260 to \$275,299,260, the figure used in the statement submitted.

The contract authorization for manufacture of arms was included in the Army act of July 9, 1918, for \$207,324,325; \$50,000,000 of the general appropriation of \$600,000,000 mentioned above has been transferred against this specific contract authorization for manufacture of arms, reducing it to \$157,324,325, the amount appearing in the statement submitted.

The contract authorization for \$1,793,734,550 was included in the fortifications act of July 9, 1918, for armament of fortifications, C. In the deficiency act of November 4, 1918, \$280,000,000 was appropriated, canceling a portion of the original contract authorization mentioned and reducing it to \$1,513,724,550, the amount used in the statement submitted.

Of the \$475,000,000 remaining out of the original general appropriation of \$600,000,000, \$275,000,000 was included in the statement submitted under manufacture of arms to cover contract obligations noted on that statement in excess of the specific appropriation under that title; \$200,000,000, or the balance of the general appropriation of \$600,000,000, was included in the statement submitted for armored motor cars with the same purpose in mind.

The CHAIRMAN. This sheet seems to indicate that you expect to have to spend \$147,936,955.18 in order to clean up your obligations of all kinds, legal and otherwise?

Mr. LEACH. Yes, sir.

The CHAIRMAN. That is apparently predicated upon a settlement of outstanding obligations on the basis of 65 per cent.

Mr. LEACH. Yes, sir.

The CHAIRMAN. And of 15 per cent on the amounts under the head of reservations?

Mr. LEACH. Yes, sir.

CANCELLATIONS—ADVANCES TO MANUFACTURERS FOR FACILITIES—DISMANTLING OF PLANTS.

The CHAIRMAN. Now, is anybody prepared to give a statement as to just what will go to make up these expenditures that will total practically \$148,000,000?

Col. MCFARLAND. I have a part of that, Mr. Sherley. Of the allotted funds of \$215,000,000 the cancellations which we have ordered amount to approximately \$129,639,931, leaving a balance of \$85,670,668.51, which will be required to complete the projects that have not been canceled; in other words, that is \$85,000,000 out of a total, so far as we know, of \$215,000,000.

The CHAIRMAN. Of the part you cancel, will there be any obligation?

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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Statement of condition of appropriations, "Manufacture of arms."

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Free reservation as of Nov. 30, 1918.	Unreserved balance as of Nov. 30, 1918.
Manufacture of arms:							
Balance of appropriation as of April, 1917.....	\$1,527,499.12	\$1,462,328.20	\$65,172.92	.....	\$65,172.92	.....	\$65,172.92
Act June 15, 1917.....	55,349,000.00	55,087,751.65	261,248.35	.....	261,248.35	\$18,651.10	272,597.25
Army act May 12, 1917.....	6,000,000.00	.....	.....	.....	.....	.....	.....
Urgent deficiency Oct. 6, 1917.....	16,000,000.00	.....	.....	.....	.....	.....	.....
Urgent deficiency Mar. 26, 1918.....	27,996,100.00	.....	.....	.....	.....	.....	.....
.....	50,886,100.00	44,627,769.87	6,058,330.13	\$4,763,185.80	1,295,144.33	.....	1,295,144.33
Army act July 9, 1918.....	50,000,000.00						
Transferred from contract obligations, Bureau of Ordnance.....	50,000,000.00	.....	.....	.....	.....	.....	.....
.....	100,000,000.00	22,599,738.12	77,400,260.88	77,400,260.88	.....	53,215,118.99	43,815,118.99
Manufacture of rifles:							
Urgent deficiency Oct. 6, 1917.....	9,500,000.00	9,500,000.00	.....	.....	.....	.....	.....
Contract obligations, Bureau of Ordnance, Army act July 9, 1918: Manufacture of arms.....	275,000,000.00	.....	275,000,000.00	.....	.....	.....	.....
.....	492,062,669.12	133,247,598.84	358,815,012.28	215,310,599.51	143,504,412.77	53,283,770.09	90,270,642.68
Total of cash appropriations.....	492,062,669.12						
Contract authorization:							
Manufacture of arms.....	157,324,325.09	.....	.....	.....	.....	.....	.....
Army act July 9, 1918.....	86,156,875.09	.....	.....	.....	.....	.....	.....
.....	242,481,200.00	.....	242,481,200.00	.....	242,481,200.00	.....	242,481,200.00
Deficiency Nov. 4, 1918.....	.....	.....	.....	.....	.....	.....	.....
Grand total.....	734,543,799.12	133,247,598.84	601,296,212.28	215,310,599.51	385,965,612.77	53,283,770.09	322,751,842.68

Statement of condition of appropriations, "Manufacture of arms"—Continued.

ESTIMATED SAVINGS.

	Appropriation.	Contract authorization.	Total.
Unreserved balance as of Nov. 30, 1918.....	\$90,270,642.68	\$242,481,200.00	\$322,751,842.68
35 per cent of outstanding contract obligations and allotments as of Nov. 30, 1918.....	75,358,709.83	.....	75,358,709.83
85 per cent of unallotted reservation as of Nov. 30, 1918.....	45,248,704.58	.....	45,248,704.58
Total estimated savings.....	210,878,057.09	242,481,200.00	443,359,257.09
Total appropriation available.....			\$358,815,012.26
Amount needed to liquidate outstanding contract obligations and allotments (65 per cent of \$215,310,599.51).....		\$139,851,889.68	
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$53,233,770.09).....		7,985,006.51	
Total saved from appropriation.....			147,936,955.19
Total saved from contract authorization.....			210,879,057.09
Total saved from all sources.....			242,481,200.00
			443,359,257.09

Col. McFARLAND. Of the \$129,000,000 there will be an obligation, due to the fact that the manufacturers have ordered material not only from the raw material manufacturers but from subcontractors, and the United States will be obligated to pay for all or part of that material. Part of the raw material will then revert to the United States and will be available for such disposal as the Government may wish to make of it. The value of that will accordingly be salvaged, but the money will not be available to pay the contractor, so that, as I see it, it will be necessary to retain a sufficient amount of money to pay for all of that material to the contractor and then let that money get back into the Treasury by some other means. The figure which I have is that \$53,000,000 will be required to settle the claims resulting from the \$129,000,000 of cancellations. That is somewhat less than 50 per cent. We will require \$138,000,000 of the total of \$215,000,000.

Now, certain facilities have to be taken into account. The requirements for automatic pistols at the beginning of the war were low, and after our troops had been in the trenches for some months one or two encounters which our men had with the Germans indicated that the pistol was more to their liking than the hand grenade, and the requirements for pistols were then increased, I think, something like twelvefold; I am not sure of that.

Gen. WILLIAMS. It was enormously increased, I know.

Col. McFARLAND. Which made it necessary for facilities to be developed in this country for manufacturing the automatic pistol, and about \$11,000,000 was either spent or obligated for those facilities. Now, I am not able to say how much of that \$11,000,000 has been disbursed, but I have assumed that we would require that much money to meet the possible obligations.

The CHAIRMAN. Why does not that show either in the disbursements or the outstanding contract obligations?

Gen. WILLIAMS. It must be in one of the reservations.

Col. McFARLAND. Part of it is in the reservation.

The CHAIRMAN. It has reached the point of a contract, has it not?

Gen. WILLIAMS. I do not know that it has.

Col. McFARLAND. To that I add \$2,500,000 for dismantling and setting up machinery which is now owned by the Government and is in the plants of the Winchester Co. and the Remington Co. at Ilion, and also some machinery at the Remington Co. in Bridgeport.

DEVELOPMENT OF SHOULDER AUTOMATIC RIFLE.

I have also included in my items \$100,000 for the development and manufacture, if development proceeds that far, of a semiautomatic shoulder rifle which is entirely new. This project is in the same category as the .50-caliber machine gun and the same remarks apply.

It is something which is being demanded and which the foreign countries are working on and which we have worked on for some time. It is one of those new articles in the development of the art of war the utilization of which, of course, is questionable. That makes the total on my list \$14,130,000, which would come out of the unallotted reservations. That is in place of the \$7,000,000.

The CHAIRMAN. So that makes the total amount of cash you are going to need how much?

Col. McFARLAND. \$152,000,000, which is about \$4,000,000 over the other estimate.

MATERIALS ON HAND.

The CHAIRMAN. Have you tables showing the quantities of various matériel which has been ordered and received and will have to be received?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. Will you place that statement in the record?

Col. McFARLAND. Yes, sir.

Estimates of small arms.

Article.	Amount ordered.	Amount delivered.	Remaining to be delivered on outstanding contracts.	To be delivered in spite of cancellations.	Amounts on hand and in hands of troops.	
					In United States. ¹	In France.
(1)	(2)	(5)	(6)	(7)	(9)	(10)
Rifles, M1903.....	1,807,468	900,994	906,474	373,586	639,063	504,464
Rifles, M1917.....	4,158,460	2,274,516	1,883,944	540,446	1,268,464	1,208,229
Pistols, caliber .45.....	3,481,153	480,802	3,000,351	83,976	172,323	335,013
Extra magazines for pistols, caliber .45.....	13,682,444	2,229,005	11,453,439	730,000	1,214,809	1,251,965
Revolvers, caliber .45.....	578,000	280,926	297,074	23,585	81,700	194,297
Bayonets, M1905.....	1,730,239	890,920	839,319	343,898	609,365	465,046
Bayonets, M1917.....	3,608,303	1,737,691	1,870,612	727,550	1,669,062	364,114
Sabers, Can. M1913.....	168,174	41,166	89,744	11,555	45,157	16,337
Bolos, all types (in United States).....	1,088,690	272,217	816,473	86,841	182,994	127,136
Bolos, all types (abroad).....	435,000	.....	435,000	.....	(²)	(²)
Shotguns (riot).....	33,896	18,931	14,965	1,572	6,995	11,300

Article.	Amounts in France which will be returned to the United States for use.	Initial requirements for 48 divisions and total estimated available stock plus possible completions.		
		Required.	Available stock.	Surplus (+) or deficit (-).
(1)	(11)	(12)	(13)	(14)
Rifles, M1903.....	844,000	1,068,120	2,751,527	+1,683,407
Pistols, caliber .45.....	173,664	932,160	427,687	- 504,473
Extra magazines for pistols, caliber .45.....	1,095,879	1,894,820	2,310,688	+ 446,368
Revolvers, caliber .45.....	(³)	(³)	(³)	.....
Bayonets, M1905.....	231,996	875,170	841,861	+2,116,944
Bayonets, M1917.....	481,061		2,150,753	
Sabers, Can. M1913.....	8,321	28,820	53,478	+ 24,656
Bolos, all types (in United States).....	69,500	59,152	262,404	+ 193,342
Shotguns (riot).....	5,900	21,648	12,895	- 8,753

¹ Includes proposed completions.

² It is understood this order is to be salvaged in France.

³ Included with pistols.

STANDARDIZATION OF RIFLES—COST, ETC.—NUMBER ON HAND.

The CHAIRMAN. What policy has been determined with reference to rifles? When the war broke out we had the Springfield rifle as the standard type, and in order to hasten production we modified the Enfield so as to carry American ammunition and began manufacturing it in large quantities, continuing to a limited degree at the armory the manufacture of Springfields. What has been determined as to the policy to be followed in connection with rifles?

Col. McFARLAND. It is intended that the Springfield rifle, model 1903, of which there are a sufficient number, be continued as the

standard arm, and that the standing Army which will exist after the war be equipped with the Springfield 1903 rifle, and that the 1917 rifle be placed in reserve to be used in case of emergency. The Springfield Armory will continue to manufacture, on a limited scale, the model 1903 rifle, but will maintain tools and equipment in proper condition so that in case of emergency these tools and equipment can be sent out to commercial plants for the manufacture of the Enfield model 1917 rifle; that is, we will retain the machines for manufacturing the model 1917 rifle, which we own, in such condition that they can be placed promptly in commercial concerns for the resumption of the manufacture of the 1917 rifle.

The CHAIRMAN. According to this table you have received 900,000 Springfields and you will have to receive 373,586 more.

Col. McFARLAND. I presume you refer to the excess number in that second column, because 373,000 is rather excessive as compared with 900,000; but the arsenals have to continue in operation and their orders have not been cut down quite as drastically as have the orders of commercial concerns.

The CHAIRMAN. Then you have received 2,274,516 of the 1917 model?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. And of the 1,883,944 under contract, you will have to receive 540,446?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. What are these two types of rifle costing you?

Col. McFARLAND. \$27 apiece is about the average cost. The rifle at the armory is costing almost as much as the rifle of the outside plants; I think practically the same. Most of the outside plants are working on a cost plus fixed profit contract, so that no exorbitant sums are being made. The British paid for the Enfield rifle as high as \$40 apiece, so that the difference between \$40 and \$27 multiplied by 2,274,516 would represent a saving of a good many million dollars if we want to take that as a basis for comparison.

The CHAIRMAN. Which would not be a very fair one in view of the fact that British had to cover into their cost the original outlay and equipment, whereas we bought from the English their equipment at 50 cents on the dollar.

Col. McFARLAND. Yes. I think we bought probably \$10,000,000 worth of equipment. Nevertheless, that is the same situation as referred to before: if we start in with a certain hypothesis, then we come to any conclusion, but the fact is we saved that much money.

Mr. MONDELL. At a hearing before this committee at the beginning of the war, or soon after we were in the war, these rifle contracts were discussed, and at that time, if I recollect, there was an estimated cost under those contracts as high as \$42. As a matter of fact, the costs have not mounted as high as that in any case.

Col. McFARLAND. No, sir. I do not know the individual cost, but the average has been about \$27, and I am quite sure the cost has never run up anywhere near \$40.

Mr. MONDELL. Does that include the cost of tools and equipment?

Col. McFARLAND. I presume it does, although I am not absolutely certain.

Mr. MONDELL. Of course, that is a very important feature of the situation—whether it includes all the cost or only what you actually pay the contractor.

Col. MCFARLAND. I think when they started in the cost was about \$32. This figure possibly includes the Springfield rifles which had been made as low as \$13 or \$14 just before the war. I think \$15 is what it was. I presume that that figure, \$27, includes all of the rifles that are mentioned here.

Mr. MONDELL. And you do not know whether it includes the cost of machinery and tools and equipment?

Col. MCFARLAND. No, sir; I do not. That figure I obtained from Gen. Thompson's office. I presume it does, although, as I say, I do not know how it was arrived at.

Mr. MONDELL. Colonel, I am a little curious about your statement that while you expect to go back to the Springfield as the standard rifle, you also expect to keep your jigs and dies and tools for large production not of the Springfield, but of the Enfield. Why is that a wise policy in view of the fact that you consider the Springfield the better rifle? Why not build up your supply of tools and equipment for the manufacture of the Springfield rifle in large quantities?

Gen. WILLIAMS. We have these tools, fixtures, gauges, etc., already in existence for the manufacture in quantity of a satisfactory rifle. Now, then, rather than to go ahead and spend the money to build up and increase the manufacture of the Springfield, we will simply put these jigs and fixtures in stock as a reserve, so that if the necessity should arise—

Mr. MONDELL (interposing). Then what you really intend to do is to continue the manufacture of the Springfield as the standard Army rifle, but retain the tools, dies, and equipment that you have for the Enfield in case of necessity for large production?

Gen. WILLIAMS. Yes, sir; we never dreamed, for instance, of bringing the production of the Springfield up to the volume of production of the Springfield and Enfield combined.

The CHAIRMAN. Colonel, are there any experiments that you propose making in the way of an automatic shoulder rifle other than those you have indicated?

Col. MCFARLAND. No, sir.

ARMORED MOTOR CARS.

(See pp. 891, 898.)

Mr. LEACH. Mr. Chairman, I reintroduce this statement covering armored motor cars. In the item in the second column there was typed in as disbursements \$69,000,000. The revision of the sheet in the lower table increases the amount needed from \$69,000,000 to \$94,000,000. As against that you have Col. Alden's statement that he estimated something like \$61,000,000 as necessary to clean up this armored motor car situation, so that in fixing any percentage there you will have his statement in mind. I am simply submitting a revised statement so as to present it exactly as the books show it.

The CHAIRMAN. You had better put in a statement showing what we used as the basis for the cross examination, so that we can check one statement against the other.

Statement of condition of appropriations, armored motor cars.

Title of appropriation.	Opening balance and subsequent appropriations available Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Reservation as of Nov. 30, 1918.	Free balances as of Nov. 30, 1918.
Armored motor cars:							
Act of June 16, 1917 (1917-18).....	\$5,900,000.00	\$2,895,589.50	\$1,004,410.50	\$669,571.86	\$334,838.64	.....	\$334,838.64
Balance of appropriation as of Apr. 6, 1917.....	480,966.63						
Army act, May 12, 1917.....	600,000.00						
Urgent deficiency, Oct. 6, 1917.....	36,760,000.00						
Army act, July 9, 1918 (1918-20).....	37,880,966.63	18,663,938.25	19,467,028.38	17,798,539.24	1,368,489.14	840.00	1,368,449.14
Contract obligations, Bureau of Ordnance, Army act, July 9, 1918, armored motor cars.....	75,560,000.00	4,211,385.19	71,336,614.81	71,336,614.81	.....	97,242,816.45	97,242,816.45
Army act, July 9, 1918, armored motor cars.....	200,000,000.00	.....	200,000,000.00	69,261,799.72	130,638,200.28	.....	130,638,200.28
Contract authorizations, armored motor cars:							
Army act, July 9, 1918.....	317,280,966.63	25,771,912.94	291,510,053.69	159,168,525.63	132,341,528.06	97,242,856.45	35,098,671.61
Deficiency.....	272,422,500.00	.....	.....	.....	.....	.....	.....
	124,217,500.00	.....	.....	.....	.....	.....	.....
	405,649,000.00	.....	405,640,000.00	.....	405,640,000.00	.....	405,640,000.00
	728,920,966.63	25,771,912.94	698,150,053.69	159,168,525.63	538,981,528.06	97,242,856.45	1,441,738,671.61

Statement of condition of appropriations, armored motor cars—Continued.
ESTIMATED SAVINGS.

	Appropriation.	Contract author- ization.	Total.
Unreserved balance Nov. 30, 1918.....	\$35,098,671.61	\$406,640,000.00	\$441,738,671.61
50 per cent of outstanding contract obligations and allotments as of Nov. 30, 1918.....	79,584,262.81	.....	79,584,262.81
85 per cent of unallotted reservations as of Nov. 30, 1918.....	82,686,427.98	.....	82,686,427.98
Total estimated savings.....	197,339,362.40	406,640,000.00	603,979,362.40
Total appropriation available.....			\$291,510,053.69
Amount needed to liquidate outstanding contract obligations and allotments (50 per cent of \$159,168,523.63).....		\$79,584,262.82	
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$67,242,856.46).....		14,586,428.47	
			94,170,691.29
Total saved from appropriation.....			197,339,362.40
Total saved from contract authorization.....			406,640,000.00
Total saved from all sources.....			603,979,362.40

ORDNANCE STORES, AMMUNITION.

FOR RIFLES, BOMBS, ETC.

Mr. LEACH. The next statement includes the ammunition for rifles, pistols, automatic-machine rifles, drop bombs, grenades, and trench-warfare matériel.

The CHAIRMAN. According to this statement there has been a total cash appropriation of \$687,680,874.53, including the available balance as of April 6, 1917, and there have been contract authorizations for \$1,117,289,421, or a grand total of \$1,804,970,295.53. No part of the contract authorization is figured as involved in this, and all of it can be canceled.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Of the cash appropriated, there has been disbursed \$202,441,863.38, leaving an undisbursed balance of \$485,239,011.15, with outstanding obligations of \$182,692,709.18, an unallotted balance of \$302,546,301.97 and reservations of \$995,147,792.59, leaving a deficiency, therefore, of \$692,601,490.62.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Now, it is estimated that for the liquidation of your outstanding contract obligations, amounting to something over \$182,000,000, there will be required \$137,019,531.89, and for the liquidation of your reservations, amounting to over \$995,000,000, there will be required \$149,272,168.89, or a total of \$286,291,700.78, which, taken from the available cash of \$485,239,011.15, leaves \$198,947,310.37 that can be covered into the Treasury, in addition to the cancellation of the contracts.

Mr. LEACH. Yes, sir.

The CHAIRMAN. Now, you have figured apparently on the basis of a saving of 25 per cent on your contract obligations and allotments.

Mr. LEACH. Yes, sir.

The CHAIRMAN. And a saving of 85 per cent on your reservations?

Mr. LEACH. Yes, sir.

Statement of conditions of appropriations, ordnance stores, ammunition.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allocations as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Unallotted reservations as of Nov. 30, 1918.	Unreserved balance as of Nov. 30, 1918.
Ordnance stores, ammunition:							
Balance of appropriation, as of Apr. 6, 1917.....	\$8,008,532.65	\$7,915,212.78	\$93,319.87		\$93,319.87		\$93,319.87
Army act May 12, 1917 (1917-18).....	12,000,000.00						
Urgent deficiency act Oct. 6, 1917.....	69,750,000.00						
Urgent deficiency act May 28, 1918.....	107,732,000.00						
Transfers to Chemical Warfare Service.....	8,273,212.24						
	181,208,757.76	79,771,982.82	101,436,774.94	\$59,185,391.53	42,251,383.41		42,251,383.41
Army act June 15, 1917 (1917-19).....	131,048,000.00						
Transfers to Chemical Warfare Service.....	518,815.88						
	130,529,184.12	107,999,968.23	22,529,215.89	16,842,905.16	5,686,310.73	\$890,977.84	4,796,332.89
Army act July 9, 1918 (1918-19).....	390,000,000.00						
Transfers to Chemical Warfare Service.....	27,066,600.00						
	367,934,400.00	6,754,699.55	361,179,700.45	106,664,412.49	254,515,287.96	994,267,814.76	739,743,586.79
Total of cash appropriation.....	687,600,874.53	202,441,863.38	485,239,011.15	182,692,709.18	302,546,301.97	996,147,792.59	692,607,490.68
Contract authorizations—							
Army act July, 1918.....	708,488,991.00						
Deficiency Nov. 4, 1918.....	410,802,430.00						
	1,117,290,421.00		1,117,528,421.00		1,117,290,421.00		1,117,290,421.00
Grand total.....	1,804,970,295.53	202,441,863.38	1,602,528,432.15	182,692,709.18	1,419,885,722.97	996,147,792.59	494,687,930.38

ESTIMATED SAVINGS.

	Appropriation.	Contract authorization.	Total.
Unreserved balance Nov. 30, 1918.....	\$692,607,460.68	\$1,117,269,421.00	\$424,687,080.38
25 per cent of outstanding contract obligations and allotments, as of Nov. 30, 1918.....	45,673,177.29	.....	45,673,177.29
85 per cent of unallotted reservations as of Nov. 30, 1918.....	845,875,623.70	.....	845,875,623.70
Total estimated savings.....	1,583,947,810.37	1,117,269,421.00	1,316,226,731.37
Total appropriation available.....			\$485,239,011.15
Amount needed to liquidate outstanding contract obligations and allotments (75 per cent of \$182,692,709.18).....		\$137,019,531.89	
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$956,147,792.59).....		149,272,168.89	
Total saved from appropriation.....			236,221,700.76
Total saved from contract authorization.....			198,947,310.37
Total saved from all sources.....			1,117,269,421.00
			1,316,226,731.37

The CHAIRMAN. Now, is anybody in a position to explain the \$286,291,700 that needs to be expended? Colonel, from what has occurred informally, it appears that you are not in a position to state what portion of the outstanding contracts or of the reservations relate to small-arms ammunition and what to bombs?

Col. McFARLAND. That is correct.

The CHAIRMAN. You are in a position, however, to state what contracts you expect to cancel?

Col. McFARLAND. Covering small arms and exclusive of the hand grenades and bombs; yes, sir.

CANCELLATIONS.

(See p. 929.)

The CHAIRMAN. What is the amount of the contracts that you expect to relieve the Government of?

Col. McFARLAND. \$176,102,107 is the total value of the material to be canceled. The Government, however, will be obligated to pay a certain amount for uncompleted material which is included in the total.

The CHAIRMAN. In getting rid of \$176,000,000 worth of contracts, we will have to pay how much money?

Col. McFARLAND. \$88,000,000 approximately.

The CHAIRMAN. You figure that there can be saved out of your contract obligations \$88,000,000?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. Have you any idea as to what you will have to spend?

Col. McFARLAND. We will be required to spend \$88,000,000 approximately for finishing up those canceled contracts.

The CHAIRMAN. Do you know how much you will have to spend for contracts that you do not cancel, or are you assuming that you will have \$176,000,000 worth of contracts to deal with?

Gen. WILLIAMS. A portion of them we will have to take entire.

Col. McFARLAND. In view of the fact that this \$188,422,602.18 includes part of the bombs and hand grenades, I can not tell you how much will be required for completing contracts which are not canceled. I have computed it assuming that the entire amount was on the small-arms program.

The CHAIRMAN. You computed therefore—

Col. McFARLAND (interposing). That \$5,000,000 approximately would be required for the projects not canceled. I know, however, that is not correct, because by looking at some of my figures of undelivered material which must be delivered after cancellation it will run very much above that.

The CHAIRMAN. Did you make any computation on the \$995,147,792.59 worth of reservations?

Col. McFARLAND. No, sir; I did not consider the book balances.

The CHAIRMAN. You are not prepared then to say how much money you need to clean up on this sheet?

Gen. WILLIAMS. No, sir; we are not prepared to say that.

The CHAIRMAN. I mean even on the basis of an estimate?

Gen. WILLIAMS. Col. McFarland has handled only the small-arms ammunition part. Col. Ragsdale is handling the bomb part. It will take the two combined.

The CHAIRMAN. Assuming that each of them found the same situation, the arbitrary assumption of a saving of 25 per cent on outstanding contracts and 85 per cent on reservations, would give you the total that is represented on this sheet?

Gen. WILLIAMS. That is what this sheet amounts to; yes, sir.

MATERIALS ON HAND AND TO BE PROCURED.

The CHAIRMAN. Dismissing for the present the financial phase of this matter, have you some tables which show the quantities which were to be procured and the quantities that have been procured and that will have to be accepted under existing contracts or commitments, of the various small-arms ammunition?

Col. MCFARLAND. Yes, sir. The principal item is small-arms ammunition, caliber .30, model 1906, 5,962,010,000 rounds were ordered and 2,688,838,436 have been delivered; 525,000,000 approximately will have to be delivered after the proposed cancellations. The total \$138,000,000 is the value of the cancellations. That is the large item. Here [indicating] are some other items of orders placed in England by the Expeditionary Forces, and also a small order for 11-mm. ammunition placed in France.

The CHAIRMAN. This table would seem to indicate that you were going to cancel \$176,000,000 of contracts?

Col. MCFARLAND. Yes, sir.

The CHAIRMAN. Which is in accord with your verbal statement a while ago?

Col. MCFARLAND. Yes, sir.

The CHAIRMAN. But in canceling that you will have liabilities of half of that, which subsequently the Treasury will be reimbursed for by what salvage you get out of the material you have to take?

Col. MCFARLAND. Yes, sir.

The CHAIRMAN. You are going to have, of course, greater quantities of this ammunition than you would want under any conditions?

Col. MCFARLAND. Probably, although in accordance with the table for 48 divisions 2,666,000,000 rounds will be required, and we will have an available stock of 916,000,000 or 1,000,000,000 rounds less than the tables shown for 48 divisions. However, those tables are based upon not actual tables of firing, but the very large requirements which were sent over by the expeditionary forces and the reason for which was not apparent here. So it was considered advisable to cut down very much below what the present table calls for and what we would have supplied to Gen. Pershing's forces had the war continued.

The CHAIRMAN. While the ammunition for machine guns and for rifles is the same, you have been making a difference in what you issue; in other words, special care was used in that which went for the machine guns?

Col. MCFARLAND. Not special care for the machine guns, but certain ammunition which passed a certain inspection test was accepted for any kind of work, either machine-gun or rifle work, and that ammunition which was not quite so good was accepted for rifle work alone. It is my impression that practically all of that was kept in the United States and not sent abroad.

The CHAIRMAN. What has been the character of the deliveries which you have been getting as to the ammunition being up to the requirements?

Col. McFARLAND. In quality or quantity?

The CHAIRMAN. Quality.

Col. McFARLAND. The most recent report from the expeditionary forces, one within the past few days, stated that the ammunition was of a very satisfactory quality. They had had troubles, of course, but the opinion is that the ammunition is very good.

The CHAIRMAN. Did not some of the manufacturers have primer troubles?

Col. McFARLAND. The Frankford Arsenal had primer troubles in the beginning of the war. There has been some trouble developed with certain ammunition, but I think little trouble with the .30-caliber ammunition. For a while the Remington Arms Co. used a metal in their primer which caused some deterioration, but I think no very great difficulty was encountered from that cause. However, the Remington Arms Co. did change their method of manufacturing the primer, or were to have changed it. I do not know whether it was ever put in process.

The CHAIRMAN. Have you any figures as to the proportionate cost of the various ingredients that go into small-arms ammunition? Of course, it is made up of the shell, the primer, the projectile, the powder, etc.?

Col. McFARLAND. I have not that information with me. I can get that for you.

Statement of cost of .30-caliber cartridge per thousand, for seventh period, ending July 13, 1918.

[Compiled by V. W. Lodrigue. Approved by Henry Huhsagel.]

Classification.	Quantity per unit.	Unit price f. o. b. works.	Material cost.		Total cost of material.	Scrap value realized.	Net cost of material.	Direct labor.	Factory overhead, add 380 per cent on day labor.	Administrative and general expense, add 14.3 per cent on day labor.	Total.
			Furnished by contractor.	Furnished by Government.							
Bullet:											
Slug—											
Lead, 98.5 per cent.....	21.94050	\$0.07177	\$1.57470		\$1.57470	\$0.38130	\$1.19340				
Antimony, 1.5 per cent.....											
Jacket:											
Copper, 85 per cent.....	7.24022	.25500		\$1.70150	1.70150						
Nickel, 15 per cent.....	1.27768	.50610		.50610	.50610						
Conversion charge.....		.13880	1.18230		1.18230	.67660	2.71330				
Manufacturing labor.....								\$0.81662			
Inspecting.....								.23465			
Total cost of bullet.....			2.76700	2.20760	4.96460	1.05790	3.90670	1.06127	\$3.99463	\$0.15033	\$0.10313
Powder: Military No. 20-1909.	6.96300	.60000		4.17180	4.17180		4.17180				
Total cost of powder.....				4.17180	4.17180		4.17180				4.17180
Primed shell:											
Primer cup—											
Copper, 100 per cent.....	94.550	.23500		.22220	.22220						
Conversion charge.....			.08100		.08100	.09200	.21120				
Primer anvil—											
Copper, 60 per cent.....	29948	.23500		.07038	.07038						
Speller, 33 per cent.....	14932	.11500		.01719	.01719						
Conversion charge.....			.02953		.02953	.03840	.07370				
Fulminate.....	58380	1.83300	.08860		.08860		.08860				
Case—											
Copper, 68 per cent.....	44.23468	.21980		9.72280	9.72280						
Speller, 32 per cent.....	20.81632	.11500		2.39380	2.39380						
Conversion charge.....			3.97700		3.97700	6.37660	9.71700				
Manufacturing labor.....								1.32481			
Inspecting.....								.57597			
Total cost of primed shell.....			4.18613	12.42637	16.61250	6.50700	10.10550	1.90078	7.22296	.27181	19.50105

Statement of cost of .50-caliber cartridge per thousand, for seventh period, ending July 13, 1918—Continued.

Classification.	Quantity per unit.	Unit price f. o. b. works.	Material cost.		Total cost of material.	Scrap value realized.	Net cost of material.	Direct labor.	Factory overhead, add 330 per cent on day labor.	Administrative and general expenses, add 14.3 per cent on day labor.	Total.
			Furnished by contractor.	Furnished by Government.							
General assembly:											
Loading.....								\$0.31030			
Inspecting.....								.20138			
Clipping.....					\$2.31840		\$2.31840	.08528			
Paper boxing.....			\$0.64130		.64140		.64140	.04190			
Bandoleering.....				1.97250	1.97250		1.97250	.08002			
Casing and shipping.....				1.35410	1.35410		1.35410	.12986			
Total cost of assembling.....			.64140	5.64500	6.28640		6.28640	.83874	\$3.26321	\$0.12280	\$10.53115
Total cost of cartridge.....			7.58453	24.45077	32.03530	\$7.56480	24.47040	2.81079	14.48100	.54404	43.30713

The CHAIRMAN. The reason for my question is to try and arrive at certain information as to the quantities of various materials that go to make up the assembled cartridge that you would have to take and subsequently salvage. For instance, there is a certain amount of powder represented in this ammunition, there is a certain amount of brass and of copper and of lead, and I would like to know whether any calculation has been made as to the amount that is on hand in the hands of manufacturers or subcontractors which the Government will not want to use but will have to take over.

Col. McFARLAND. Unquestionably those figures are available somewhere in the records of the office. I very much doubt, however, if an inventory has been made to show how much of the various ingredients or what percentage of the various ingredients is on hand.

COST OF CARTRIDGES.

The CHAIRMAN. What do these cartridges cost?

Col. McFARLAND. Between \$40 and \$50 a thousand.

The CHAIRMAN. What is the labor in assembling them?

Col. McFARLAND. The labor is a small part of the cost of a cartridge. I do not know the percentage.

Mr. MONDELL. In answering that last question, will you be good enough to put in the record the exact cost of your rifle cartridge?

Col. McFARLAND. Yes, sir.

The CHAIRMAN. What have you done in connection with cancellation of orders for small-arms ammunition?

CANCELLATIONS.

(See p. 924.)

Col. McFARLAND. Cancellations have all gone out from the ordnance claims board and the district claims board, and the value of the cancellations amounts to over \$176,000,000.

The CHAIRMAN. You do not know the value of the contracts that are not being canceled?

Col. McFARLAND. No, sir.

The CHAIRMAN. Or are you canceling in the sense of restricting all orders?

Col. McFARLAND. All orders are being restricted, yes; but some of them must terminate earlier than others.

Gen. WILLIAMS. A cancellation operates to restrict the order.

Col. McFARLAND. Yes; that is what we understand by the term "cancellation."

The CHAIRMAN. Of course, by cancellation you mean cancellation in the sense of orders rather than of contracts. You are not legally canceling these contracts?

Col. McFARLAND. That is true.

Gen. WILLIAMS. It applies to a portion of the material called for by the contracts.

THURSDAY, JANUARY 2, 1919.

STATEMENTS OF MAJ. GEN. C. C. WILLIAMS, CHIEF OF ORD-
NANCE; COL. E. McFARLAND, COL. A. J. STUART, CAPT. W.
M. HIGGINS, AND F. B. LEACH, OF THE ORDNANCE DEPART-
MENT; AND BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE
OF THE QUARTERMASTER CORPS.

SMALL-ARMS AMMUNITION—PLANT FACILITIES—EXPERIMENTS.

(See p. 921.)

The CHAIRMAN. Colonel, this item covers not only small-arms am-
munition, in the sense of ammunition for rifles and machine guns, but
also ammunition in the way of trench grenades and other items.
How much of it is ordinary straight-out small-arms ammunition?

Col. McFARLAND. The details of that I gave you the other day,
and those details will be incorporated in the record in this sheet.

Statement of small-arms ammunition of Dec. 27, 1918.

	Rounds ordered.	Delivered up to Nov. 28, 1918.	To be delivered on outstanding contracts.	To be delivered in spite of cancellations.	Amounts on hand in United States. ¹	Amounts on hand in France.	Requisitions for 48 divisions for 6 months' war basis.	Available stock, excluding amounts on hand in France. ¹	Surplus or deficit.
Shotgun shells, No. 7½ shot.	17,920,000	15,021,500	2,898,500	2,898,500	4,881,467	4,881,467	1,200,000	4,881,467	3,681,467
11-mm. ammunition.	60,088,000	60,000	60,028,000	2,832,000	2,852,000	2,852,000	12,978,000	2,852,000	+ 10,126,000
Cartridges:									
Caliber .30, M. 1906.	5,962,810,000	2,696,838,436	3,275,171,564	525,171,564	916,278,458	916,278,458	2,666,064,000	916,278,458	- 1,749,785,542
Caliber .46.	888,788,000	2,345,201,369	3,643,476,631	157,476,631	208,159,416	208,159,416	385,932,000	208,159,416	- 177,772,584
Caliber .30, A. P.	80,000,000	5,062,961	74,917,019	19,917,019	26,013,700	26,013,700	134,532,000	26,013,700	- 108,518,300
Incendiary, caliber .30.	80,000,000	14,769,200	65,230,800	2,230,800	19,335,500	19,335,500	66,612,000	19,335,500	- 47,276,500
Caliber .30, tracer.	150,000,000	25,837,300	124,162,700	3,262,700	3,262,700	3,262,700	70,074,000	3,262,700	- 66,811,300
8-mm. ammunition.	263,006,000	389,671,824	(⁴)	(⁴)	15,947,080	192,322,000	90,000,000	15,947,080	- 74,052,911

FOREIGN ORDERS.

	Rounds.	Cartridges, caliber .30 A. P.	Rounds.
Cartridges, caliber .30, M. 1906.	400,000,000	Cartridges, caliber .30 A. P.	6,100,000
Cartridges, caliber .30, incendiary.	5,000,000	8-mm. ammunition.	383,104,000
Cartridges, caliber .30, tracer.	6,100,000	11-mm. ammunition.	73,890,000

¹ Includes proposed completions.² No report.³ Over delivery.⁴ Surplus.⁵ No report on deliveries up to Nov. 28, 1918, and no definite reports can be given at present on status of foreign orders or of proposed cancellations.⁶ 1,217,000 rounds reported together on deliveries up to Nov. 28, 1918.⁷ No report on deliveries up to Nov. 28, 1918.

The CHAIRMAN. As I recall, the statement that you gave me the other day was a statement of what you thought you would have to pay in order to liquidate outstanding contracts, but you had no knowledge as to how much of the one billion and odd dollars worth of outstanding contracts and reservations represented small-arms ammunition proper and how much was for hand grenades and trench ammunition.

Col. MCFARLAND. The statement I gave you referred to quantities rather than to values. Since that time I have calculated the value of the ammunition as strictly ammunition, as distinguished from trench warfare material, and find that the value of the round that must be delivered in spite of cancellations is \$33,523,753.40, as shown by our records. Of course that figure is not exact. The cancellations that we figured on, of which you made a note, were \$176,102,107, of which approximately \$88,000,000 would be required to make settlement for the claims involved. I have made the item for plant facilities, proving grounds, etc., \$12,300,000. The plant facilities in that item have not been entirely straightened out, and, as I said, I am not sure how much of that has been paid, but I made as careful an estimate as I could, by going over the figures with the officer who followed them, and of the amount which we thought was still outstanding.

I found also that the total orders for small-arms ammunition which the expeditionary forces had placed abroad in England and France were something over \$41,000,000. As nearly as I could find after consultation with the finance office, allotments amounting to \$10,850,000 had been made for that specific purpose, which left in doubt \$30,800,000 which might have to be allotted to the expeditionary force for the payment of their contracts.

The CHAIRMAN. I understand from Mr. Stettinius informally that whatever has not been delivered at our dumps will not have to be received.

Gen. WILLIAMS. That is ammunition?

The CHAIRMAN. Yes.

Col. MCFARLAND. As to small-arms ammunition, a considerable quantity of it was ordered in England, and we would incur some obligation for that. We would not, perhaps, receive many rounds, but the factories have been tuned up for it, and they have bought gauges and things of that kind. This figure of \$30,000,000 is probably higher than will be required, but as to that I am not sure.

The CHAIRMAN. What are you figuring that you have got to spend for small-arms ammunition, or what is your total?

Col. MCFARLAND. \$163,400,000.

The CHAIRMAN. And you figure on \$30,000,000 of that for overseas?

Col. MCFARLAND. Yes, sir.

The CHAIRMAN. You figure on \$12,000,000 for plants?

Col. MCFARLAND. For plant facilities, moving machinery, for proving grounds, and experiments.

The CHAIRMAN. The experiments amounted to how much?

Col. MCFARLAND. I do not recall what I put down for experiments, but I should say \$500,000.

The CHAIRMAN. What experiments have you got to make?

Col. MCFARLAND. We have some .50-caliber experimental work to do, and there is still a little work on primers that we always have to

carry on. There is still some work on copper-clad steel bullets instead of nickel bullets; some work on tracer ammunition, and work on armor-piercing incendiaries. All of those things are in manufacture. Then, there is a machine-gun bullet of 180 or 220 grains. Those things have been started and should be completed.

TRENCH-WARFARE MATERIAL.

The CHAIRMAN. How much money do you figure is necessary for ammunition other than strictly small-arms ammunition?

Col. McFARLAND. Do you mean trench-warfare material?

The CHAIRMAN. Yes.

Col. McFARLAND. Capt. Higgins, of the Trench Warfare Division, is here and can furnish those figures.

Capt. HIGGINS. We have included the gross obligations on both United States purchases and foreign purchases, except in the case of pyrotechnics, and we have estimated \$3,000,000 of gross obligation on pyrotechnics abroad. That totals \$113,934,565, which includes grenades, drop bombs, and pyrotechnics. We expect to save \$14,929,421 on United States contracts to be canceled, and as to the foreign saving, we could not estimate it.

The CHAIRMAN. You are figuring on an expenditure for the balance of the fiscal year of how much?

Capt. HIGGINS. I can not give you what will have to be expended, as we can not get from finance the sum that has been spent to date. We can give you the gross obligations and what we expect to save.

The CHAIRMAN. You stated that the gross obligations were how much?

Capt. HIGGINS. \$113,934,000.

The CHAIRMAN. You figure on a saving of \$14,000,000?

Capt. HIGGINS. Yes, sir.

The CHAIRMAN. So that \$99,000,000 would really cover it?

Capt. HIGGINS. Some of it has been paid.

The CHAIRMAN. If some of it has been paid, that would show on the disbursements sheet here.

Capt. HIGGINS. Yes, sir.

PYROTECHNICS.

The CHAIRMAN. How much of that is for pyrotechnics in the United States?

Capt. HIGGINS. \$9,500,000 in gross obligations.

The CHAIRMAN. What do you expect to have to pay for them?

Capt. HIGGINS. \$7,500,000.

The CHAIRMAN. Why?

Capt. HIGGINS. There have been considerable quantities of pyrotechnics made, and the outstanding contracts have large obligations connected with them.

The CHAIRMAN. The pyrotechnics situation in America was such that 12 months ago you were totally without capacity in America to take care of the situation. You were proposing to establish a pyrotechnics plant in Indiana, and from what I have heard informally, which may or may not be accurate, the old pyrotechnics crowd that had had a monopoly and that had been in control of this matter for

many years in peace times very seriously objected, and claimed that they would be able to take care of your increased demands. Meanwhile the war came to an end, and your project for building disappeared. How comes it that you are obligated up to that extent? My understanding was that you had taken all they could make at that time.

Capt. HIGGINS. The requirements for 40 combat divisions in pyrotechnics are rather high.

The CHAIRMAN. Yes, they were very high, but the point I am getting at is, What contracts existed that will have to be carried out now? Your facilities in this country were very restricted, and I am wondering whether these people are not simply insisting on your going ahead and doing the work because of their desire to do the work rather than for any other reason. Of course, we have no need for the pyrotechnics now. We do not want them, do we?

Gen. WILLIAMS. We want a supply for training purposes.

The CHAIRMAN. We do not want \$7,000,000 worth, nor one-tenth of \$7,000,000 worth for that purpose.

I understand that you have \$9,500,000 of contracts for pyrotechnics in the United States now?

Capt. HIGGINS. Yes, sir.

The CHAIRMAN. Does that represent what existed unfilled at the time the armistice was signed or does that represent the total United States orders that you have placed?

Capt. HIGGINS. The total.

The CHAIRMAN. What portion of the contracts for the \$9,500,000 had been filled at the time of the signing of the armistice?

Capt. HIGGINS. I can give you the production against the total requirement on each item. I do not know whether that has been summarized into dollars and cents or not. The amount completed is \$6,803,500.

The CHAIRMAN. As of what date?

Capt. HIGGINS. That is as of December 12.

The CHAIRMAN. Did you stop this work when the armistice was signed?

Capt. HIGGINS. We proceeded——

Gen. WILLIAMS (interposing). That is being handled by the claims board.

The CHAIRMAN. I wanted to find out what the fact was. Was there a stoppage in the manufacture of these pyrotechnics when the armistice was signed?

Capt. HIGGINS. The recommendation for carrying through the program against the requirements, revised, where they had on order 1,405,000 signal rockets they revised the recommendation so that there would be 655,000 completed in that item. On the Very B. cartridges 980,000 was the gross on the old requirement, and we recommended that they make 110,000.

Gen. WILLIAMS. I think in answer to your question I should say. Mr. Chairman, that the section charged with pyrotechnics did not themselves give any cancellation orders. They recommended to the claims board that certain action be taken, and the claims board, taking their recommendation, issued their orders.

The CHAIRMAN. What I am trying to get at, when the armistice was signed, suspension orders were sent out all over the country?

Gen. WILLIAMS. Not right away. Those suspensions were not completed until the latter part of December, all of them.

The CHAIRMAN. The impression conveyed here was that they were sent out immediately.

Gen. WILLIAMS. No, sir.

The CHAIRMAN. The suspension orders?

Gen. WILLIAMS. No, sir; that was quite impossible.

The CHAIRMAN. I do not mean within an hour or a day, but that they went out within a week or 10 days.

Gen. WILLIAMS. On the 13th of November the first thing that went out was the order cutting down overtime, the eight-hour day, and cutting out all night work. The question of cancellation was gradually gotten out and it was not until the latter part of December that the orders were all sent out.

The CHAIRMAN. I should like to find out what your total program was in the way of pyrotechnics in the United States.

Capt. HIGGINS. The gross of it was \$9,500,000.

The CHAIRMAN. How much had been completed prior to the armistice?

Capt. HIGGINS. That I can not give you in dollars and cents.

The CHAIRMAN. I wish you would supply that, and then to what extent orders for cancellation were given.

Capt. HIGGINS. Yes, sir.

Statement on pyrotechnics and signal pistols showing total value of contracts, value of amount delivered to Government to Nov. 14, 1918, value of amount delivered from Nov. 14, 1918, to Jan. 2, 1919, total value of contracts canceled and suspended.

Contractor.	Item.	Total value of contract.	Delivered to Government to Nov. 14, 1918.		Delivered from Nov. 14, 1918, to Jan. 2, 1919.		Remarks.
			Quantity.	Value.	Quantity.	Value.	
Art Metal Works, P16105-2830Tw.	5,200,000 metal casings for 25-mm. signal cartridges.	\$118,375.00	515,000	\$16,400.00	817,700	\$21,350.00	Suspended.
Edw. G. Ruid Manufacturing Co., P19321-2001Tw, P11799-281Tw.	65,083 metal cases for airplane flares, Mark I.	401,047.80	31,027	173,751.00	14,800	82,880.00	Do.
Cheney Bros., P11034-2222Tw.	75,000 yards silk for airplane flares, Mark I.	41,250.00	75,000	41,250.00			Completed.
Cheney Fireworks Co., P117943-283Tw.	750,000 signal rockets, parachute.	1,125,000.00					Canceled.
J. Clark Manufacturing Co., P117967-2834Tw.	500,000 each breeches, covers, and bodies for 35-mm. cartridges.	19,000.00					Do.
D. G. Dary (Inc.), P12144-2240Tw.	200,000 yards silk for airplane flares, Mark I.	100,250.00	177,424	88,712.00	22,576	11,538.00	Completed.
Doehler Die Casting Co., P13578-235Tw.	31,152 35-mm. pistols, Mark I.	67,064.68	5,124	11,016.00	28,329	59,700.00	Suspended.
Duplan Silk Corporation: P18912-1982Tw.	1,000 Parachutes for airplane flares, Mark I.	19,200.00	1,000	19,200.00			Completed.
P11093-2221Tw.	100,000 yards silk for airplane flares.	57,000.00	73,368	52,105.00	27,632	4,895.00	Do.
Empire Art Metal Co., P13373-2372Tw.	2,000,000, 25-mm. metal cases.	200,000.00	362,460	36,246.00	1,503,400	150,334.00	Suspended.
Essex Specialty Co.: P10250-265Tw.	350,000 position lights.	85,900.00			12,000	3,500.00	Do.
P17326-2764Tw.	1,600,000 boxes of wind matches for signal parachute rockets.	18,030.00					Do.
Follmer, Clogg Co.: P1960-203Tw.	1,785 parachutes for airplane flares.	10,947.50	1,785	10,947.50			Completed.
P13623-2158Tw.	2,000 parachutes for airplane flares.	12,000.00	2,000	12,000.00			Do.
P14890-2482Tw.	25,000 parachutes for airplane flares.	137,500.00	8,400	46,200.00			Suspended.
P12161-2245Tw.	300 parachutes for airplane flares.	1,800.00					Canceled.
A. H. Fox Gun Co., P13099-2302Tw.	33,057, 25-mm. Very pistols, Mark IV.	206,606.25	1,314	8,213.00	8,270	51,660.00	Suspended.
Jacob Gerhardt Co.: P13787-2170Tw.	1,500 parachutes for airplane flares, Mark I.	8,625.00	1,500	8,625.00			Completed.
P13783-2660Tw.	10,000 parachutes for airplane flares.	55,000.00	1,943	10,687.00	6,291	29,100.00	Suspended.
P10904-2133Tw.	1,800 silk parachutes for airplane flares.	11,475.00	1,800	11,475.00			Completed.
Hammitt Typewriter Co., P113325-2307Tw.	15,000 35-m. m. pistols, Mark I.	74,250.00					Suspended.
Japan Paper Co.: P14791-2472Tw.	5,000 acts signal parachute rockets.	2,250.00					Completed.
P14841-2576Tw.	58,700 parachutes, paper, for signal parachute rockets.	4,098.00	58,700	4,098.00	6,000	3,250.00	Do.
P110706-2612Tw.	2,000,000 parachutes, paper, for signal parachute rockets.	10,115.00	200,000	10,115.00	249,000	249,000.00	Manufactured.
	1,000,000 25-mm. Japanese paper parachutes.	120,000.00	200,000	5,720.00			

P15531-25461Tw	28,700 28-inch domestic paper parachutes for signal parachute rockets.....	2,583.00	28,700	2,583.00			Completed.
P18310-2837Tw	630,000 32-inch domestic paper parachutes for illuminating white rockets.....	85,050.00	39,000	5,280.00	131,000	17,685.00	Suspended.
P18314-2861Tw	40,000 aces parachutes and flags for signal parachute rockets.....	28,800.00	2,000	1,440.00			Do.
P18418-2871Tw	1,000,000 32-inch imported Japanese paper parachutes.....	77,500.00	20,000	1,560.00			Do.
P18681-2716Tw	210,000 38-inch paper parachutes for signal parachute rockets.....	16,800.00	110,000	8,800.00	77,500	6,200.00	Balance to be finished.
P17797-2815Tw	400,000 32-inch Japanese paper parachutes for signal parachute rockets.....	74,000.00	2,000	370.00	204,900	37,908.00	Suspended.
Total		482,256.00	499,900	44,446.00	662,900	93,861.00	
A. Jedel Corporation, P17844-2821Tw	15,000 position lights, Mark I.....	3,190.00					Canceled.
National Fireworks Co.:							
P17594-2788Tw	15,000 airplane flares.....	409,500.00					Do.
P15172-1508Tw	300,000 25-mm. cartridges.....	52,500.00					Suspended.
P8072-1916Tw	645,000 stars for signal lights, Mark II.....	45,192.00	646,600	45,192.00			Completed.
G1791-4398Tw	1,000,000 signal lights.....	70,000.00	1,000,000	70,000.00			Do.
P17400-2772Tw	10,000 25-mm. test cartridges.....	750.00	10,000	750.00			Do.
G1190-4397Tw	15,000 signal rockets.....	14,250.00	15,000	14,250.00			Do.
P14553-2441Tw	150,000 signal rockets.....	172,500.00	5,000	5,750.00	15,000	17,000.00	Balance to be finished.
Total		764,702.00	1,676,600	135,942.00	15,000	17,000.00	
National Tool & Manufacturing Co.:							
P13030-2303Tw	75,000 25-mm. pistols, Mark IV.....	375,000.00					Suspended.
P16311-2658Tw	28,622 25-mm. pistols, Mark IV.....	143,310.00					Canceled.
Total		518,310.00					
New England Corset Co., P17024-2727Tw	500,000 silk parachutes for 25-mm. signal parachute cartridge, Mark I, white.....	30,000.00					Suspended.
Lewis Nixon:							
P8913-1883Tw	50,083 airplane flares.....	1,252,075.00	2,100	52,500.00	3,000	75,000.00	Do.
P3856-1291Tw	55,000 rifle lights, 110,000 signal lights, 90,000 position lights, 605,000 V. B. Cart. Star, 610,000 V. B. Cart. Para.	947,092.50	250,000	147,450.00	423,200	282,760.00	\$18,400 canceled; balance to be finished.
P13417-2345Tw	45,000 position lights.....	12,465.00	45,000	12,465.00			Completed.
P10701-2114Tw	500,000 smoke torches.....	604,000.00	45,000	54,000.00	138,000	165,600.00	Suspended.
P15402-2529Tw	103,000 signal parachutes.....	7,467.50	70,000	6,500.00			Balance canceled.
P4062-1960Tw	72,165 wing tip flares.....	45,103.15	72,165	45,103.15			Completed.
Total		2,868,203.15	484,265	317,998.15	594,200	523,360.00	

Statement on pyrotechnics and signal pistols showing total value of contracts, value of amount delivered to Government to Nov. 14, 1918, value of amount delivered from Nov. 14, 1918, to Jan. 2, 1919, total value of contracts canceled and suspended—Continued.

Contractor.	Item.	Total value of contract.	Delivered to Government to Nov. 14, 1918.		Delivered from Nov. 14, 1918, to Jan. 2, 1919.		Remarks.
			Quantity.	Value.	Quantity.	Value.	
Henry J. Palne: P15487-2541Tw..... P3557-1234Tw..... G1192-441Tw..... G1193-442Tw..... P3556-1233Tw..... P15484-2538Tw..... G1191-440Tw..... P3574-1236Tw..... P5741-1971Tw..... Total.....	33,000 position lights, Mark II, hand.....	\$20,000.00	33,000	\$20,000.00			Completed.
	165,000 position lights, Mark II, hand.....	81,345.00	135,000	81,345.00			Do.
	50,000 position lights, Mark II, hand.....	19,825.00	50,000	19,825.00			Do.
	55,000 signal rockets.....	51,760.00	55,000	51,760.00			Do.
	35,000 signal rockets.....	38,010.00	35,000	38,010.00			Do.
	75,000 signal Para. rock.....	101,250.00	24,000	42,000.00	36,000	\$63,000.00	Balance to be finished.
	10,000 signal rockets.....	9,360.00	10,000	9,360.00			Completed.
	40,000 signal rockets.....	49,626.00	40,000	49,626.00			Do.
	40,000 wing tip flares.....	26,000.00	2,000	1,300.00	23,000	14,950.00	Balance to be finished.
	Total.....	397,176.00	414,000	313,228.00	59,000	77,950.00	Suspended.
Parker Bros.: P14453-2431Tw..... Penn Toy Co.: P17316-2754Tw..... Total.....	14,669 35 m/m Very pistol, Mark I.....	71,878.00					Do.
	10,000 35 m/m cart.....	800.00					
	2,000,000 signal lights, Mark II.....	76,640.00	1,869,000	74,760.00			Balance canceled.
	15,554,121 .30 caliber special blank cartridges.....	466,620.00	300,000	9,000.00			Canceled.
	300,000 special blank cartridges, .30 caliber.....	37,500.00	1,250,000	37,500.00			Completed.
	1,250,000 special blank cartridges for rifle and signal lights, Mark I.....	225,000.00	7,960	62,088.00			Do.
	22,500 Very signal pistols, Mark III.....	98,437.50	1,000,000	37,500.00			Balance canceled.
	1,000,000 signal lights, Mark I.....		12,500	98,437.50			Completed.
	12,500 signal pistols, Mark III.....	950,667.50	4,439,460	319,285.50			Do.
	Total.....	47,500.00	75,000	47,500.00			
Louis Roscel & Co., P11692-2250Tw..... Total.....	75,000 yards silk for airplane flares.....						
Ross Bros. & Co.: P1782-2784Tw..... P16187-2604Tw..... Total.....	100,000 Very signal parachutes.....	7,083.23					Canceled.
	100,000 silk parachutes.....	15,000.00	20,000	3,999.00	61,500	9,225.00	To be finished.
	42,000 yards silk for airplane flares.....	22,083.33	42,000	23,100.00			Completed.
Saurquott Silk Corporation, P11656-2225Tw.....							

Schwarzenbach, Huber Co.: P19251-2068Tw..... P19269-2019Tw..... P19273-2059Tw..... P19285-2134Tw..... P19295-2134Tw..... P19367-2160Tw..... P19367-2354Tw..... Total.....	30,000 yards silk for airplane flares. 50,000 yards silk for airplane flares. 50,500 yards silk for airplane flares. 25,000 yards silk for airplane flares. 112,500 yards silk for airplane flares. 450,000 yards silk for airplane flares. 75,000 yards silk for airplane flares.	15,287.50 26,362.50 21,340.00 10,875.00 57,875.00 225,000.00 34,500.00	30,000 50,000 50,500 25,000 112,500 390,000 75,000	15,287.50 26,362.50 21,340.00 10,875.00 57,875.00 225,000.00 34,500.00	Do. Do. Do. Do. Do. Do. Do.
Scott & Feizer Machine Co., P13031-2304Tw..... Stehli Silk Corporation, P11894- 2209Tw.....	30,000—25-mm. Very pistols, Mark IV..... 101,000 yards silk for airplane flares, Mark I.....	187,500.00 71,205.00	4,650 101,000	29,087.00 71,205.00	Suspended. Completed.
Unexcelled Manufacturing Co.: G1274-472Tw..... P2472-870Tw..... P3272-1126Tw..... P3271-1125Tw..... P15554-2540Tw..... P3280-1134Tw..... P15792-2569Tw..... P3275-1129Tw..... G1121-424Tw..... P3273-1127Tw..... P15167-2504Tw..... P3274-1126Tw..... Total.....	50,000 position lights, Mark II..... 1,223,400 stars for signal lights, Mark II..... 265,000 rifle lights..... 30,000 position lights, Mark II..... 485,000 position lights, Mark II, hand..... 150,000 position lights, Mark I..... 690,000 position lights, Mark I..... 70,000 signal rockets..... 95,000 signal rockets..... 75,000 illuminating rockets..... 30,000 signal rockets.....	24,000.00 61,170.00 90,100.00 143,100.00 14,400.00 232,800.00 37,500.00 165,000.00 66,500.00 100,912.50 105,000.00 35,100.00	50,000 1,223,400 265,000 30,000 485,000 150,000 690,000 70,000 95,000 82,000 30,000	24,000.00 61,170.00 90,100.00 14,400.00 232,800.00 17,500.00 165,000.00 66,500.00 100,912.50 98,800.00 35,100.00	Do. Do. Do. Do. Do. Do. Do. Do. Do. Completed. Completed. Completed.
Winchester Repeating Arms Co., P13519-2543Tw..... Total.....	25,000,000 No. 4 commercial primers for 25-mm. and 35-mm. signal cartridge.....	87,500.00	3,880,000	13,510.00	Balance suspended.

Summary of pyrotechnics: Total value of contracts..... Value of amount delivered to Government to Nov. 14, 1918..... Value of amount delivered from Nov. 14, 1918, to Jan. 2, 1919..... Total value of contracts canceled..... Total value of contracts suspended.....	\$9,910,933.78 3,012,310.65 1,243,483.00 2,516,065.33 3,139,064.80
Summary of signal pistols: Total value of contracts..... Value of amount delivered to Government to Nov. 14, 1918..... Value of amount delivered from Nov. 14, 1918, to Jan. 2, 1919..... Total value of contracts canceled..... Total value of contracts suspended.....	\$866,220.83 19,222.00 111,890.00 143,310.00 592,261.83

The CHAIRMAN. Can you tell me what quantities of the various kinds of pyrotechnics you desire to have as a reserve in connection with your peace Army.

Capt. HIGGINS. Requirements have been listed for 48 divisions. 1,564,000 signal star rockets, 1,430,000 signal parachute rockets. 4,336,000 Very star cartridges, 25 m/m, 342,000 parachute cartridges. 25 m/m, 1,444,000 V. B. star cartridges, 1,893,500 V. B. parachute cartridges, 2,765,000 position lights, mark 1, 576,000 smoke torches. and the requirements for the aeroplane flares, the wing tip flare. 25 m/m Very pistols, and 35 m/m Very pistols, dependent upon the aeroplane program.

The CHAIRMAN. General, do you consider it is desirable to accumulate any such quantity as that of pyrotechnics in stock?

Gen. WILLIAMS. We have given the figures in accordance with orders to supply certain supplies.

The CHAIRMAN. Do you not challenge those orders if they do not seem reasonable?

CANCELLATIONS.

Gen. WILLIAMS. Col. McFarland made the recommendations and the cancellations, and he tells me that he cut them just as closely as he could.

Col. McFARLAND. On trench warfare material we paid no attention to the requirements as handed to us from the General Staff or wherever our information came from. After talking it over with Gen. Williams it appeared to be the consensus of opinion in most instances that the trench warfare material as required under the conditions existing in the present war would not be required under any possible conditions that we could foresee in a war in which the United States would be involved within the next generation. So our recommendation for cancellation on trench warfare material, which included pyrotechnics, was just as close as it could possibly be effected, taking into account the economy to the United States. If we could get the material as cheaply as we could scrap it, we got the material; otherwise we canceled.

The CHAIRMAN. What do you mean by getting it as cheaply as if you scrapped it? Do you mean that if it cost no more for the finished article than to pay for the unfinished article, you took the finished article, or do you mean that you gave a value to the finished article.

Col. McFARLAND. I mean if it cost no more in dollars and cents to get the finished article than it would cost to get the component parts. we would take the finished article. That was the main consideration. We varied that, of course. If it was 95 per cent, which was as close as we could estimate, we would probably take the finished article, but our policy was as I have stated.

The CHAIRMAN. What is the meaning of these very large figures that have just been read by the captain? Do they simply represent the requirements which have no value, inasmuch as they were ignored, or do they represent what you think you can not get rid of?

Col. McFARLAND. I did not prepare this statement. I am merely summarizing in the absence of Col. Ragsdale. This total requirement for 48 divisions is the requirement as set down by the Staff and by the A. E. F. Under this column which Col. Ragsdale has pre-

ared it says, "Percentage of total available to requirement," and it reads something like this: Zero, per cent, 30, 50, 35, 25, etc. I presume that column represents probably the total production even after the cancellations were made effective to the stated requirement.

The CHAIRMAN. I think the stated requirements now are nearly nil.

Col. MCFARLAND. I agree with you in this particular. That is the opposition on which the cancellations were recommended.

The CHAIRMAN. Do we understand that you did make suspension of all work to the extent that it was possible to make it in connection with the pyrotechnics?

Col. MCFARLAND. I can state that the recommendations were made that way, and I have every reason to believe that the Claims Board approved those recommendations and that the cancellations have actually been carried into effect.

The CHAIRMAN. How many concerns were furnishing these pyrotechnics?

Capt. HIGGINS. I can not say.

The CHAIRMAN. Please put into the record a list of those that were furnishing the pyrotechnics and to what extent contracts existed with them. That in connection with my previous statement of cancellations, etc., will show to what extent obligations exist to those concerns?

Capt. HIGGINS. Yes, sir.

The CHAIRMAN. Of the \$99,000,000 which you think is necessary for you to liquidate your claims, how much of it is for overseas claims?

Capt. HIGGINS. We can not state the approximate saving, and so we can not make our estimates.

The CHAIRMAN. How much of the \$113,000,000 was overseas?

Capt. HIGGINS. \$4,742,000 for grenades, \$26,175,000 for drop bombs, and \$3,000,000 for pyrotechnics.

The CHAIRMAN. That is about \$33,000,000.

Capt. HIGGINS. \$33,500,000.

The CHAIRMAN. You are figuring all of that at its face?

Capt. HIGGINS. That was the amount of the contracts.

The CHAIRMAN. You figure that you will have to pay all of that? In your statement of the \$99,000,000—you had \$113,000,000 and you figured \$14,000,000 that you would save from the cancellation of the American contracts?

Capt. HIGGINS. Yes, sir.

The CHAIRMAN. And you figure, according to the financial statement, all of your overseas contracts?

Capt. HIGGINS. Not knowing the status of them, yes, sir.

AMMUNITION FOR SMALL-ARMS TARGET PRACTICE.

The CHAIRMAN. Now, for small-arms target practice ammunition, you have had, including the balances that were on hand as of April 6, 1917, \$187,262,293.63, and you had contract authorizations of \$143,861,293. You have not availed yourself of your contract authorizations, according to your statement, and they can be repealed, and, therefore, ignored for the rest of this statement. Of your cash you seem to have disbursed \$66,572,049.79; you had an undisbursed balance as of November 30 of \$120,690,243.84; you had contract

obligations and allotments of \$25,102,737.47; an unallotted balance of \$95,587,506.37; reservations of \$20,066,245.12, and a free balance of \$75,521,261.25. According to this statement of your outstanding contract obligations, you need \$17,571,916.23 to liquidate them, or 70 per cent, and to liquidate your reservations you need \$2,909,936.77, or 15 per cent. Now, disregarding the percentages, what do you figure as the amount of money you need to liquidate your outstanding obligations? This again relates, I presume, to both small-arms ammunition proper and trench warfare ammunition?

Statement of continuation of appropriations, continued on next page.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding continuing obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Reservation as of Nov. 30, 1918.	Free balance as of Nov. 30, 1918.
Small-arms target practice:							
Balance of appropriation as of Apr. 6, 1917 (1917-18).....	\$1,988,565.63	\$1,984,309.07	\$2,266.56		\$2,266.56		\$2,266.56
Act of June 15, 1917 (1917-1919).....	17,500,000.00						
Transfers to Chemical Warfare Service.....	\$72.00						
	17,499,723.00	15,748,009.91	1,751,658.09	\$484,122.88	1,267,535.21	\$20,000.00	1,247,535.21
Army act May 12, 1917 (1918-19).....	2,000,000.00						
Urgent deficiency Oct 6, 1917.....	89,670,000.00						
Urgent deficiency, Mar. 25, 1918.....	900,000.00						
	92,570,000.00	48,458,570.81	44,119,429.19	22,554,375.85	21,565,053.34		21,565,053.34
	75,200,000.00	383,100.00	74,816,900.00	2,064,258.74	72,752,661.26	20,046,245.12	52,706,416.14
Army act July 9, 1918 (1919-20).....	187,262,293.63	66,572,049.79	120,690,243.84	25,102,737.47	95,587,506.37	20,066,245.12	75,521,261.25
Total cash appropriation.....							
Contract authorizations:							
Army act July 9, 1918.....	84,073,725.00		143,861,293.00		143,861,293.00		143,861,293.00
Deficiency Nov. 4, 1918.....	59,787,568.00						
	143,861,293.00		143,861,293.00		143,861,293.00		143,861,293.00
Grand total.....	331,123,586.63	66,572,049.79	264,551,536.84	25,102,737.47	239,448,799.37	20,066,245.12	219,382,554.25

Statement of condition of appropriations, small-arms target practice—Continued.

ESTIMATED SAVINGS.

	Appropriation.	Contract authorization.	Total.
Unreserved balance Nov. 30, 1918.....	\$75,521,261.25	\$143,861,293.00	\$219,382,554.25
30 per cent of outstanding contract obligations and allotments, as of Nov. 30, 1918.....	7,530,821.24		7,530,821.24
85 per cent of unallotted reservation as of Nov. 30, 1918.....	17,056,308.35		17,056,308.35
	100,108,390.84	143,861,293.00	243,969,683.84
Total appropriation available.....			\$120,660,243.84
Amount needed to liquidate outstanding contract obligations and allotments (70 per cent of \$25,102,737.47).....		\$17,571,916.23	
Amount needed to liquidate reservations and to finance department for balance for year (15 per cent of \$20,066,245.12).....		2,909,936.77	
Total saved from appropriation.....			20,481,953.00
Total saved from contract authorization.....			100,108,390.84
Total saved from all sources.....			143,861,293.00
			243,969,683.84

CANCELLATIONS.

Col. McFARLAND. Yes, sir. This appropriation does not appear to be clear in the record that I have available, in that the production office has kept a record of gallery target practice material exclusive of ammunition, so that the figures which my office show are figures for 22-caliber rifles and the 22-caliber cartridges for those rifles; various target accessories and materials used for target practice, exclusive of the ammunition, and the 30-caliber ammunition that is used for target practice. I went to the finance office in an endeavor to straighten the matter out in my own mind, at least, because my figures were so much at variance with the figures submitted in the statement furnished by the finance office. I find that in the finance office they not only included those items that were included in my office of gallery target practice material, but they also included several million dollar's worth of ammunition which was paid for under the target practice appropriation, so that with the exception of the ammunition which we will either have to estimate or take a percentage of the total amount that has been allotted, the total value of all orders is \$6,475,336.64, and the value of the material to be canceled, or which has been canceled is \$368,291, leaving a balance of orders not canceled of \$5,607,107.40.

That is a very large proportion of the total value of the orders by reason of the fact that this material, except for the rifles of which there have been only a few, or 37,612, consists of paper, wood, rope, and things of that kind, that could be quickly secured, so that probably as soon as the order was placed or very shortly thereafter the material began to be turned in, and most of the funds that I have referred to have, accordingly, been disbursed. Also, a great many of these orders have been given to the Rock Island Arsenal, and, inasmuch as that arsenal has to be maintained, the cancellations there on this small stuff were not as drastic as they were when they were placed with commercial concerns.

The CHAIRMAN. When you say it has to be maintained, how intensively is it being maintained?

Col. McFARLAND. The same general orders apply there as to night work, extra time work, and overtime work. That was immediately suspended, and the cancellations have gone out to them on big material on practically the same basis as they went out to commercial concerns. On the small material there was not so much cancellation.

The CHAIRMAN. Touching small arms target practice ammunition, as contradistinguished from that which relates to trench warfare, you only have a knowledge of \$6,000,000 worth, according to your statement.

Col. McFARLAND. \$6,500,000 worth.

The CHAIRMAN. Of which you make \$800,000 worth of cancellations?

Col. McFARLAND. Yes, sir. On the finance books of the Ordnance office, however, under this same appropriation, are included some million dollars' worth of allotments for .30-caliber ball ammunition.

The CHAIRMAN. Do you know how much?

Col. McFARLAND. No, sir; I do not.

The CHAIRMAN. You do not know how much of the \$45,000,000 which is represented by outstanding obligations and reservations

pertains to trench warfare material and how much to small arms proper, do you?

Col. McFARLAND. I do not know how much of the \$45,000,000 pertains to .30-caliber small-arms ammunition to be used for target practice.

The CHAIRMAN. Do you know how much of the \$45,000,000 relates to trench warfare practice ammunition?

Col. McFARLAND. No, sir.

Capt. HIGGINS. I do not know either. All of our stuff is for issue.

ORDNANCE STORES AND SUPPLIES.

The CHAIRMAN. Under the head of Ordnance Stores and Supplies, there has been appropriated, including the available balance of April 6, 1917, \$416,957,629.41, and there have been contract authorizations of \$372,299,260. None of the contract authorizations have been availed of, and can be canceled according to the statement. Of the cash, \$250,153,249.91 seems to have been disbursed, leaving an undisbursed balance as of the 30th of November of \$166,804,379.50, with outstanding contracts as of that date of \$87,004,955.82; an unallotted balance of \$79,799,423.68, and there appears to have been reservations of \$450,142,315.67, so that, counting your obligations and reservations at their face, there is, in place of a free balance, a deficiency of \$370,342,891.99. Now, first, what is embraced under Ordnance Stores and Supplies?

Statement of condition of appropriations, ordnance stores and supplies.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Reservations of Nov. 30, 1918.	Free balance as of Nov. 30, 1918.
Ordnance stores and supplies:							
Balance of appropriation as of Apr. 6, 1917.....	\$6,729,557.95						
Urgent deficiency act Apr. 17, 1917.....	1,000,000.00						
Transfers to Chemical Warfare Service.....	7,729,177.93	\$7,715,019.91	\$14,158.02		\$14,158.02	\$1,000.00	\$13,158.02
Act June 15, 1917 (1917-19).....	106,550,000.00	100,225,502.66	6,324,497.32	\$5,374,927.76	949,569.56	408,818.30	540,751.26
Army act May 12, 1917 (1918-19).....	10,000,000.00						
Urgent deficiency act Oct. 6, 1917.....	113,520,000.00						
Urgent deficiency act Mar. 28, 1918.....	19,826,585.00						
Transfers to Chemical Warfare Service.....	55,135.63						
	143,283,451.48	116,150,400.64	27,143,050.84	24,737,022.26	2,406,028.58	442,736.62	1,963,261.96
Army act July 9, 1918 (1919-20):							
Transfers to Chemical Warfare Service.....	93,400,000.00						
Transfers from contract obligations (Bureau of Ordnance).....	9,015,000.00						
	75,000,000.00						
	159,385,000.00	26,062,326.68	133,322,673.32	56,893,005.80	76,429,667.52	449,289,760.75	372,860,083.23
Total of cash appropriation.....	416,957,629.41	250,153,249.91	166,804,379.50	87,004,955.82	79,799,423.68	450,142,315.67	370,342,391.99
Contract authorization.							
Ordnance stores and supplies:							
Army act July 9, 1918.....	275,299,260.00						
Deficiency Nov. 4, 1918.....	97,000,000.00						
	372,299,260.00		372,299,260.00		372,299,260.00		372,299,260.00
Grand total.....	789,256,889.41	250,153,249.91	539,103,639.50	87,004,955.82	452,098,683.68	450,142,315.67	1,956,368.01

Statement of condition of appropriations, ordnance stores and supplies—Continued.

ESTIMATED SAVINGS.

	Appropriation.	Contract authorization.	Total.
Unreserved balance, Nov. 30, 1918.....	\$370,342,891.99	\$372,299,260.00	\$1,956,308.01
25 per cent of outstanding contract obligations and allotments, as of Nov. 30, 1918.....	21,751,288.95		21,751,288.95
85 per cent of unallotted reservation as of Nov. 30, 1918.....	382,690,968.32		382,690,968.32
Total estimated savings.....	34,029,315.28	372,299,260.00	406,328,575.28
Total appropriation available.....			\$186,804,379.50
Amount needed to liquidate outstanding contract obligations and allotments (75 per cent of \$87,004,955.32).....		\$85,253,716.87	
Amount needed to liquidate reservations and to finance department for balance of year (15 per cent of \$450,142,315.67).....		67,521,547.35	
Total saved from appropriation.....			182,775,064.22
Total saved from contract authorization.....		34,029,315.28	
Total saved from all sources.....		372,299,260.00	
			406,328,575.28

Mr. LEACH. This account is, as you will recall, an account of the small stuff, including the personal equipment of the soldier. There is some small trench warfare material, chemical warfare material, and then there is the personal equipment, including cartridge belts, haversacks, metal hats, food containers, mess kits, and tools of various kinds.

The CHAIRMAN. Do you furnish hats?

Mr. LEACH. They are metal hats, or helmets. There is also some small motor equipment included. The motor equipment has to do with rifles and ammunition. The account as it stands is not completely supported. There is a shift there. Most of this stuff has gone over to the Division of Purchase, Storage and Traffic. Col. Stuart, of the Ordnance Department, has been working on it in the Supply Division, and he has been able to get some data from them and there is more coming. It seems to be pretty well broken up over there in different sections.

CANCELLATIONS.

The CHAIRMAN. According to your statement here, it is going to require to liquidate your outstanding contract obligations and allotments \$65,253,716.87, and to liquidate your reservations and to finance the department for the balance of the year there will be required \$67,521,347.35, making a total of \$132,775,064.22, leaving what would be a free balance of \$34,029,315.28, which could be covered into the Treasury. Now, that seems to have been predicated just on the usual 25 and 85 per cent saving on contract obligations and reservations. Have you any figures, however, which go to show the need for the \$132,000,000 for the balance of the fiscal year?

PERSONAL EQUIPMENT OF SOLDIERS.

COL. STUART. With regard to the status of this account, we have three main headings under this appropriation.

Pyrotechnics, such as Mr. Leach has explained, includes Very pistols and gas and flame projectors, and material of that kind which shall be taken up under trench warfare; and then there is the preservation and cleaning of ordnance in storage, and the third heading is the personal equipment of the soldier. I have been working on the latter class of material. All of those items have, for some time, been purchased and stored through the Division of Purchase, Storage and Traffic, and I have obtained from them a statement covering part of the items which they purchased, and I expect to get another statement over the phone in a few minutes for the balance, which I understand is only a small amount.

I have here a statement covering textile equipment, sundries, and harness. The other information will cover the miscellaneous hardware. I have only this one copy. According to that statement you will notice the total outstanding contracts are about \$48,000,000. From the records of the Purchase, Storage and Traffic Division that covers all the items except miscellaneous hardware, which they purchased and which comes under personal equipment.

They estimate that the actual production is about \$21,000,000, and that of the balance of about \$27,000,000, due to the fact that the

claims board, or similar agencies, have not acted on the contracts to determine what amount should be paid to manufacturers to liquidate contracts, they will not be able to give any definite figures for a considerable time, but they have made an estimate that it will require 40 per cent of the \$27,000,000 to liquidate the outstanding contracts.

The CHAIRMAN. According to this statement, they seem to have already taken cognizance of this savings in the statement that they have made in connection with quartermaster estimates.

Col. STUART. That is what I was going to bring up. In the hearing about December 18, Mr. McCormack took up the saving—that \$27,000,000—so that will probably have to be deducted from our savings here. In other words, they are asking for it, and we don't want to ask for it, too, but that is the amount under that class of material here that they estimate can be saved.

The CHAIRMAN. If I understand the situation, assuming that there will be 60 per cent of \$27,000,000 as an actual saving, it should be taken cognizance of in connection with this appropriation for ordnance stores and supplies, and not in connection with the quartermaster's statement.

Col. STUART. Yes, sir. The \$27,000,000 is the difference between those two figures, what is actually produced and the total amount of the contracts.

The CHAIRMAN. But they figure that 40 per cent of the \$27,000,000 worth of contracts would have to be paid in complete liquidation of contracts.

Col. STUART. Yes, sir; but that is only an estimate.

The CHAIRMAN. Well, that only relates, however, to a limited amount of this appropriation.

Col. STUART. Yes, sir; that covers the textile equipment and the harness. As I say, I am expecting in a few minutes over the telephone a statement covering this miscellaneous hardware, which completes the personal equipment class.

Mr. LEACH. We have some information on chemical warfare.

The CHAIRMAN. How much of the \$87,000,000 of outstanding contracts is represented by personal equipment of the soldier?

Col. STUART. \$48,000,000.

The CHAIRMAN. \$48,000,000?

Col. STUART. About that figure; \$48,000,000.

Mr. LEACH. I doubt, Mr. Chairman, whether you could tie that figure up to this figure here.

Col. STUART. That doesn't include the miscellaneous hardware.

TRENCH WARFARE.

The CHAIRMAN. Well, let's get at it backwards. How much of the \$87,000,000 of outstanding contracts relates to trench warfare, does anybody know?

Mr. LEACH. Those flame projectors, Livens projectors, and flame throwers.

The CHAIRMAN. It appears from what has been said that items were testified to in connection with the small arms, ordnance stores, and ammunition that ought to have been in ordnance stores and supplies. I wish you would have a statement made of the two items as to those parts of them which relate to the trench warfare matériel.

telling us how much in the way of outstanding contracts there are, to what extent they are to be made, to what extent they can be canceled, and how much moneys, therefore, can be relieved of the totals which relate to those two trench warfare matters.

ORDNANCE SERVICE.

In connection with ordnance service, there appears to have been appropriated \$43,762,447.38, to have been disbursed as of November 30, \$19,594,642.17, leaving an undisbursed balance of \$24,167,805.21, with outstanding contract obligations of \$6,160,267.77, with outstanding contract obligations of \$6,160,267.77, an unallotted balance of \$18,700,537.44, and reservations of \$10,878,420.89, leaving a free balance of \$7,129,116.86. The statement shows that to liquidate outstanding contract obligations and allotments, \$6,160,267.77 is required and to liquidate reservations and to carry the department the balance of the year \$10,878,420.89, making a total of \$17,038,688.66, leaving free \$7,129,166.55.

Statement of appropriations, ordnance service.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations and allotments as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Unallotted reservation as of Nov. 30, 1918.	Free balance as of Nov. 30, 1918.
ORDNANCE SERVICE.							
Army act May 12, 1917 (1917-18).....	\$350,000.00						
Urgent deficiency act Oct. 6, 1917.....	11,825,000.00						
Transfers to Chemical Warfare Service.....	70,652.62						
Act June 15, 1917.....	12,104,447.38	\$11,112,132.28	\$992,315.10	\$553,147.07	\$439,168.03	\$296,939.45	\$143,178.88
Army act July 9, 1918 (1918-19).....	2,650,000.00	2,519,881.21	130,118.79	97,947.36	32,171.43	3,955.65	28,215.78
Transfers to Chemical Warfare Service.....	30,000,000.00	992,000.00					
	29,008,000.00	5,962,628.68	23,045,371.32	5,509,173.34	17,536,197.96	10,578,475.79	6,957,722.19
Total.....	43,762,447.38	19,594,642.17	24,167,805.21	6,160,267.77	18,007,537.44	10,878,420.89	7,129,116.55

ESTIMATED SAVINGS.

Unreserved balance as of Nov. 30, 1918, appropriation.....	\$7,129,116.55
Total appropriation available.....	24,167,805.21
Amount needed to liquidate outstanding contract obligations and allotments (100 per cent of \$6,160,267.77).....	\$6,160,267.77
Amount needed to liquidate reservations and to finance department for balance of year (100 per cent of \$10,878,420.89).....	10,878,420.89
Total saved from appropriation.....	17,038,968.06
	7,129,116.55

Mr. LEACH. One hundred per cent except the free balance.

The CHAIRMAN. Why?

Mr. LEACH. This account, Mr. Chairman, is an entirely different character from all other ordnance accounts. It is an operating pay roll account, operating expenses of Washington and district offices, overhead expenses of arsenals, and what pay rolls the department carries of an overhead nature. The contract column of \$6,000,000 represents a balance of the apportionment almost entirely that has been made to the various operating divisions of ordnance, district officers and arsenals, supply divisions, supply depots, and all the work connected with the supply division for the first half of the year. The reservations part we have held back. It was considered necessary to carry the supply division, district officers, arsenals overhead, and the operating division through to the end of the year. What reduction there is in that expense is represented by the \$7,000,000 free balance which was eliminated.

The CHAIRMAN. Hardly. That seems to represent what you have not heretofore been able to figure on spending.

Mr. LEACH. It had all been obligated. We have been very short in that account up until the time the armistice was signed.

Col. Stuart knows we were begging the supply division to get cash money to keep the account operating. It was all taken up.

The CHAIRMAN. There was \$7,000,000 of it you had not even allotted.

Mr. LEACH. That has been released since the armistice and is due to the fact that the war came to a close.

The CHAIRMAN. I think we would like to know something about this a little bit beyond that. Do you know what your pay roll now is?

Mr. LEACH. They carry the bulk of it. Col. Stuart can give you the detail figures in regard to this supply division part of it.

Col. STUART. We have an item of \$5,000,000 which was to come out of ordnance service, but which will come out of armament of fortifications C.

CONVERSION OF PLANTS INTO SUPPLY DEPOTS—STORAGE OF ARTILLERY.

One of the major operations which has got to be taken care of in the next six months is the converting of all of these big explosive plants, bag loading plants and smokeless powder plants into supply depots. The policy is, as soon as operations have ceased, and they have practically all ceased, to establish supply depots and to gradually take over all the plants and place machinery and other equipment in an out-of-service condition. Those plants together with the ordnance depots represent an investment of about two hundred million dollars, and one of the principal expenses is in that connection.

The CHAIRMAN. That has been estimated for by each man that has come here in connection with each of these various appropriations.

Mr. LEACH. But the estimates have represented a renewal, and haven't been taken care of in connection with armaments of fortifications C, but the maintenance and heat, water, light, and power comes under ordnance service.

Col. STUART. Another item will be the handling of all the material in and out of the supply depots. As it is now, the vast quantities of stores that have been produced and some of which have been shipped abroad, have got to be permanently stored. In the congested conditions preceding the armistice, it was impossible to place the stores where they properly belonged. In other words, the whole movement then was with a view to getting them across to France. Now, the object is entirely changed, and the character of the work is entirely changed. Now we are trying to store them so that the explosives will be the least menace.

All of the material will be stored in buildings which are suitable for its storage and also so that the raw materials on hand can be properly taken care of. Those two items we were taking care of in these big plants, the maintenance and repair. The heat, light, power and water, and taking care of the ammunition are the two big tasks, funds for which must be taken out of the Ordnance Service.

The CHAIRMAN. What line of demarcation is there between what you people will store and take care of and what the Storage and Traffic Department of the Quartermaster's Corps will take care of?

Col. STUART. Just now that line of demarcation is only in the process of being shifted. Up to this time the Purchase, Traffic, and Storage Division took care of everything except ammunition and explosives. We have just been informed that all artillery matériel is to be transferred back to the Ordnance Department, and that we will be responsible for its storage and preservation. As I say, we have just found that out two days ago. So this estimate is not based on taking care of the artillery matériel.

Col. WOLFE. May I correct what I think is a very general misapprehension? The Division of Purchase, Storage and Traffic is not any more a part of the Quartermaster's Department than it is a part of the Ordnance. It is something entirely different. It just happens that they have taken over all of the purchases which have been made by the Quartermaster's Department. Purchase, Storage and Traffic is no part of the Quartermaster's Corps.

The CHAIRMAN. I did not mean it literally. The Quartermaster Corps is a part of it.

Col. WOLFE. It takes in Ordnance, Engineering, and everything else.

The CHAIRMAN. I understand.

MONEY REQUIRED FOR BALANCE OF FISCAL YEAR.

How much money do you estimate you are going to require for the balance of this fiscal year for the purposes you have just been dealing with?

Col. STUART. We will require a total of about \$6,000,000 for handling the ammunition and explosives alone. Of that, \$1,500,000 approximately will be for heat, light, power, and water, and the balance will be for the handling itself.

The CHAIRMAN. Out of this item, which is only \$1,000,000, you need \$5,000,000 to take care of these other items; is not that true?

Col. STUART. No, sir.

The CHAIRMAN. Why, it was testified here day after day by officers, in connection with the expenses, they were figuring for the alteration of plants and the conversion of them.

Col. STUART. This is not alterations, this is for service.

The CHAIRMAN. For machinery and to put it in "ordinary," if that is your phase?

Col. STUART. I probably did not make my statement clear. I said those were the big tasks ahead of us. Out of "Armament of fortifications" C and "Repairs of arsenals" will be requested enough funds to take care of the repairs and renewals. That will include the upkeep of the buildings and then putting the machinery and stuff in "ordinary," but aside from that we will need \$1,500,000 for the service, light, heat, water, power, etc., and \$5,500,000, approximately, for the handling of ammunition and explosives. That did not include the putting of the material out of service. That comes out of "Armament of fortifications," C, which has been submitted.

The CHAIRMAN. What other expenses do you figure will come out of this appropriation for the balance of the fiscal year?

Col. STUART. That will be all in connection with the handling of ammunition and explosives except that it may be necessary to revise this statement in view of the fact that we expect to have to handle artillery. As I say, we have just been informed that we will take that back. We have not had time or opportunity to revise these estimates accordingly. Then there will be other expenses connected with the district offices.

The CHAIRMAN. That is what I want to ascertain.

Gen. WILLIAMS. The district offices must be maintained.

The CHAIRMAN. I understand, but at what cost?

Mr. LEACH. They figure \$3,000,000 for the year for the district offices and half of that is retained in the reservations. The same amount of overhead expenses of arsenals and proving grounds, and half of that.

The CHAIRMAN. What have they been costing?

Mr. LEACH. That has been the experience.

The CHAIRMAN. You are carrying them at the same expense.

Mr. LEACH. As before.

The CHAIRMAN. Why?

Gen. WILLIAMS. There will be some dropping off, but not a great deal, because we will need nearly all of the estimate for the purpose of reversing these contracts and getting them settled.

The CHAIRMAN. Take the proving ground as one striking illustration, you will not have anything like the same overhead?

Gen. WILLIAMS. The proving ground will go full blast for some time on account of the material to be delivered in the settlement of these contracts. It takes some time for the material to get from the contractor to the proving ground, and even after all of the contracts have been settled the proving ground will still be operated.

The CHAIRMAN. You will not be working under quite as great pressure or expense?

Gen. WILLIAMS. Not as great pressure; that is very true.

The CHAIRMAN. It will not cost you just as much to run now as when the war broke?

Gen. WILLIAMS. You mean in so far as the ordnance service is concerned?

The CHAIRMAN. That the overhead will be just the same.

Gen. WILLIAMS. I should not be at all surprised if that is just the case. The ordnance service has a load it would not have had had the war gone on and the regular flow of material gone on to France. We must now take care of this enormous quantity of material not only made in our own factories but shipped to us from other plants.

Mr. LEACH. May I just point out this fact. The estimate for 1919 was about thirty or thirty-one million dollars. Allowing the estimate as an even split for the first half year, \$15,500,000, and turning back \$7,000,000, it shows a reduction in the second half or after the armistice was signed of 50 per cent. This money was all covered in the plans of the war program.

The CHAIRMAN. At the end of November, five months, your disbursements have been at the rate of \$1,000,000 a quarter?

Gen. WILLIAMS. We disbursed \$19,000,000.

The CHAIRMAN. Yes; but you disbursed them out of appropriations for previous years. Out of the July appropriation of \$30,000,000 you spent \$5,962,000. What has been your monthly expenditure?

Mr. LEACH. I have no record of that here. You take the \$7,000,000, the \$10,000,000, and then the \$6,000,000, \$23,000,000, and that leaves \$7,000,000 or \$8,000,000, and unless there was some overlap from the previous year, that is the fund that was expended and the balance was carried over. If we were starting clean with the appropriation for 1919 it would come to about \$1,500,000 a month. Some of the appropriation in the act of June 15, 1917, was carried over and was available and was used. The figures in the sixth column will be subjected to the same analysis and report as I pointed out in connection with the other accounts.

The CHAIRMAN. You have no contracts under this item at all, have you?

Col. STUART. Allotments.

The CHAIRMAN. Not contracts, allotments. It is simply allotments for running the various ordnance institutions.

Mr. LEACH. It is the account that keeps the wheels going around.

The CHAIRMAN. It is the overhead expense?

Mr. LEACH. Yes, sir.

The CHAIRMAN. It seems to me that you should know what the overhead has been for any given month or series of months in the past, and we could then figure pretty closely as to what it is going to cost you the balance of the year.

Col. STUART. There will be a change there, because, for instance, the one item of heat, light, power, and water for these big plants that have been turned over was formerly paid for from the manufacturing appropriations, and now they will be turned over to the Supply Division to take care of and they will be used as storage depots for all of this material which must be stored. As I say, that now comes out of ordnance service while previously it came out of the manufacturing appropriations "Armament of fortifications, C."

Gen. WILLIAMS. Your actual disbursements for the period of five months will be indicative of what the overhead charge would be, the total disbursements, practically \$4,000,000 a month.

The CHAIRMAN. No; the total is not quite \$6,000,000.

Mr. LEACH. I know that the disbursements for the early months were comparatively light and that they were increasing.

The CHAIRMAN. Does anybody give us credit for all of the cost of operation of the plant that you will pay out of other funds for the balance of the year now that you are going to quit and throw the burden here?

Col. STUART. Yes, sir. That is taken care of in the cancellation of contracts. Most of those plants have been run by the contractors, and when the contract is canceled the amount that would have been taken out of the appropriation will be saved and it comes out of this appropriation instead.

ORDNANCE STORES AND EQUIPMENT FOR CIVILIAN MILITARY
TRAINING CAMPS.

Mr. LEACH. On the next sheet, the twelfth sheet, there are some miscellaneous items representing some activities which the Ordnance Department has been obtaining money for. I put them down as individual items. We have not been able to obtain any information up to date as to the future policy, and I would suggest leaving the \$82,000 stand, and you can take out for the time being the amount reserved in the reservation column. I simply put those items in until we could find out something more definite as to what was going to be done along those lines. Either leave part of it or take it out. By the time these other statements are submitted I hope that we will be in a position to state definitely what we need.

The CHAIRMAN. As I understand, these items will have to be dealt with separately?

Mr. LEACH. Yes, sir; you can not consolidate them.

The CHAIRMAN. The quickest way is just to take them up very briefly and go through them. The appropriation made for military training camps, \$3,750,000, was for ordnance?

Mr. LEACH. Ordnance service and equipment in connection with civilian military training camps.

The CHAIRMAN. You have spent out of that \$3,522,866.25, you have undisbursed \$227,133.75, with outstanding contract obligations of \$56,194.72, leaving an unallotted balance of \$170,939.03. That is a free balance and presumably can be covered into the Treasury?

Mr. LEACH. Yes, sir; subject to what I just said.

The CHAIRMAN. Does anybody know about this item?

Mr. LEACH. At the present time we have not been able to find out what the policy is going to be in relation to these items.

The CHAIRMAN. That is not what I am interested in right now. There is no project for this money now?

Mr. LEACH. No, sir.

The CHAIRMAN. Then it can be covered into the Treasury. What is the \$56,194.72?

Mr. LEACH. Another of the same class as the other. Those are definite contracts.

The CHAIRMAN. The \$250,000 was appropriated in a later act for military training camps, no part of which has been spent and apparently unobligated. There is no reason why that should not be covered in, is there?

Mr. LEACH. None whatever; unless there is going to be some—

The CHAIRMAN. Unless you can state reasons why you want it?

Mr. LEACH. Yes; I think that is satisfactory.

Gen. WILLIAMS. That can be turned in.

ORDNANCE STORES AND EQUIPMENT FOR RESERVE OFFICERS' TRAINING CORPS.

The CHAIRMAN. Ordnance stores and equipment, reserve.

Mr. LEACH. Reserve Officers' Training Corps.

The CHAIRMAN. What are those appropriations for?

Mr. LEACH. I can not add anything to what the title conveys.

The CHAIRMAN. It does not convey to me anything.

Mr. LEACH. It says:

For arms and ordnance equipment, including overhauling and repair of personal equipments, machine-gun outfits, and horse equipments for issue to schools and colleges in pursuance of the provisions of section 56 of the act approved June 1, 1916.

I was just wondering for the minute what the distinction was between this and the civilian. I will read that, if you so desire.

The CHAIRMAN. You better read it for the record.

Mr. LEACH (reading):

Arms and ordnance equipment: For arms and ordnance equipment, including overhauling and repairing of personal equipments, machine-gun outfits, horse equipment, ammunition, targets, and other accessories for target practice, and for overhauling and repairing arms for issue and use in connection with training camps for civilians in pursuance of the provisions of section 54 of the act approved June 3, 1916.

The CHAIRMAN. I suggest that you had better have inquiry made as to these separate items and a note made here. It may be that there is certain specific work that you want to carry on for which these moneys are looked to.

Gen. WILLIAMS. Yes, sir.

HOME GUARD AND EQUIPMENT FOR SCHOOLS AND COLLEGES.

Mr. LEACH. The same applies to the home-guard activities and the military equipment for schools and colleges.

The CHAIRMAN. We will put this sheet into the record, or rather you put into the record these appropriations, disbursements, balances, etc., and then a note as to what need, if any, there is for these unexpended balances.

Mr. LEACH. We will do so.

Statement of condition of appropriations—miscellaneous appropriations which could not be classified under any of the regular titles.

Title of appropriation.	Opening balance and subsequent appropriations available, Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Undisbursed balance as of Nov. 30, 1918.	Outstanding contract obligations as of Nov. 30, 1918.	Unallotted balance as of Nov. 30, 1918.	Unallotted reservations as of Nov. 30, 1918.	Unreserved balance as of Nov. 30, 1918.
Ordnance stores and equipments:							
Civilian military training camps, 1917-18, act June 16, 1917.....	\$3,750,000.00	\$3,522,866.25	\$227,133.75	\$56,194.72	\$170,939.03		\$170,939.03
Military training camps, 1919-20, Army act July 9, 1918.....	250,000.00		250,000.00		250,000.00	\$250,000.00	
Ordnance stores and equipment, etc., Reserve Officers' Training Corps, 1917, 1918, 1919:							
Act June 15, 1917.....	524,000.00	524,000.00					
Army act July 9, 1918.....	1,000,000.00	982,674.30	17,325.70		17,325.70		17,325.70
Army act June 12, 1917.....	2,921,725.00		2,921,725.00		2,921,725.00	1,000,000.00	1,921,725.00
Ordnance supplies for Home Guard, organization 1919, Army act July 9, 1918.....	2,500,000.00		2,500,000.00	11,018.35	2,488,983.65		2,488,983.65
Ordnance supplies for military equipment of schools and colleges, 1917, 1918, 1919:							
Act June 15, 1917.....	218,000.00	218,600.00	1,400.00	1,400.00			
Army act May 12, 1917.....	500,000.00	465,833.92	34,116.08	9,116.08	25,000.00		25,000.00
Army act July 9, 1918.....	1,138,700.00	134.00	1,135,566.00	4,522.38	1,134,043.62	600,000.00	534,043.62
Special aids and appliances for manufacture of arms, ammunition, etc., balance of appropriation as of Apr. 6, 1918.....	750,000.00	350,060.04	399,939.96		399,939.96		399,939.96
Total.....	13,552,425.00	6,062,218.51	7,490,206.49	82,249.53	7,407,956.96	1,850,000.00	5,557,956.96
Contract authorization, general contract authorization, Army act July 9, 1918.....	500,000,000.00		500,000,000.00		500,000,000.00	15,291,392.73	484,708,616.27
Grand total.....	513,552,425.00	6,062,218.51	507,490,206.49	82,249.53	507,407,956.96	17,141,392.73	490,266,573.23

ESTIMATED SAVINGS.

Unreserved balance Nov. 30, 1918:	\$5,557,956.96
Appropriation.....	484,708,616.27
Contract authorization.....	490,266,573.23
Total.....	7,490,206.49
Total appropriation available.....	\$82,249.53
Amount needed to liquidate outstanding contract obligations and allotments, 100 per cent of \$82,249.53.....	1,850,000.00
Amount needed to liquidate reservations and to finance department for balance of year, 100 per cent of \$1,850,000.....	1,932,249.53
Total saved from appropriation.....	5,557,956.96
Total saved from contract authorization.....	500,000,000.00
Total saved from all sources.....	505,557,956.96

SPECIAL AIDS AND APPLIANCES FOR MANUFACTURE OF ARMS AND AMMUNITION.

The CHAIRMAN. Now, you had \$750,000 for special aids and appliances for manufacture of arms, and that, as I recall, consisted of jigs, dies, etc. You seem to have expended \$350,060.04, leaving a balance of \$399,939.96. Is there any reason why you desire that money now?

Gen. WILLIAMS. I do not think so.

THURSDAY, JANUARY 2, 1919.

STATEMENTS OF MAJ. GEN. C. C. WILLIAMS, CHIEF OF ORDNANCE; COL. C. T. HARRIS AND COL. WINTHROP SARGENT, ORDNANCE DEPARTMENT; AND BRIG. GEN. H. M. LORD AND COL. S. H. WOLFE, OF THE QUARTERMASTER CORPS.**PLANT INVESTMENTS.**

The CHAIRMAN. Colonel, are you prepared to tell us something of the various plant investments that the Government has in connection with ordnance matters?

Col. SARGENT. Yes, sir.

The CHAIRMAN. Have you a statement showing the investments that have been made?

Col. SARGENT. I have.

The CHAIRMAN. What represents the total amount that has been put into plant investments?

Col. SARGENT. Do you mean actually expended, or allotments made for plant construction?

The CHAIRMAN. I would like to have a statement as to both.

(See pp. 997, 1006.)

Col. SARGENT. The allotments made for plant construction under the jurisdiction of the Plant Section are about \$527,000,000.

The CHAIRMAN. How much has been expended?

Col. SARGENT. My figures from the Cost Accounting Section tell me that about \$289,000,000 have been paid out, and about \$200,000,000 have been obligated in addition to the \$289,000,000.

The CHAIRMAN. Has any estimate been made as to the extent to which the obligations will have to be met?

Col. SARGENT. In the plant section of my office we have estimated roughly, not because we have anything to do with the meeting of these obligations, but because of my interest in it, that about 70 per cent of the obligations will have to be met at any rate as of October 15.

The CHAIRMAN. As of that date there were \$200,000,000 of obligations?

Col. SARGENT. Two hundred millions of obligations, of which \$150,000,000 will have to be met. I think, from the progress of the contracts since that date, there will be required to meet them a considerably larger figure, or, as I recall, substantially the whole \$200,000,000.

The CHAIRMAN. Your plant investments are of several kinds, I take it. Some of them are instances where the Government has created the whole plant and owns it as a governmental plant?

Col. SARGENT. That is right.

The CHAIRMAN. And there are some in which advancements have been made to private concerns. Do you include them?

Col. SARGENT. This list represents the property to which the Government takes title.

The CHAIRMAN. That requires an explanation as to when the Government takes title. Suppose you tell us what is embraced in this list as to the different kinds of plants.

Col. SARGENT. The first kind you mentioned are those where the Government pays for the plant through a disbursing officer at the plant, and where the Government takes title to the material as soon as it is received at the plant and is properly certified. The second class is that in which the Government agrees to reimburse the contractor when he can produce proof of having expended money for certain purposes which are authorized by the contract, and when material is received in the plant and properly certified to, the Government takes title to it.

The CHAIRMAN. I do not know that I fully understand you. You speak of material, and I do not know whether you mean plant material or not. If the Government builds a plant upon its own ground, pays for the building, pays for the machinery, and everything else, that is a plant that is straight-out Government owned, is it not?

Col. SARGENT. Yes, sir.

The CHAIRMAN. In other instances certain extensions of existing plants were necessary to be made—that is, extensions to existing private plants—and the Government financed such extensions?

Col. SARGENT. Yes, sir.

The CHAIRMAN. The Government financed them either in whole or in part?

Col. SARGENT. Yes, sir.

The CHAIRMAN. Have you considered them, or are they included in this list of plant investments?

Col. SARGENT. They are in this list, but there are not in this list cases where the cost of the extension is amortized in the cost of the product. Possibly that will clear up the point you have in mind.

The CHAIRMAN. In other words, there are instances in which the contractor makes his own plant extension, with the understanding, as a part of the price he is to receive for the articles manufactured, that there will be carried into it a sum sufficient, over a given period, either of time or production, to amortize the additional plant investment that he has had to make?

Col. SARGENT. Yes, sir.

The CHAIRMAN. They are not included here?

Col. SARGENT. They are not in this list, because the title does not pass to the Government under that condition.

The CHAIRMAN. You speak of the title passing to the Government. Where the Government makes advances to private concerns for plant extensions, title to the plant that is built passes to the Government, irrespective of whether the land is owned by the Government or not?

Col. SARGENT. Yes, sir; that is what I mean.

The CHAIRMAN. So that there are a number of instances in which the Government has title in buildings and in machinery?

Col. SARGENT. Yes, sir.

The CHAIRMAN. Without ownership of the land?

Col. SARGENT. Yes, sir.

The CHAIRMAN. Did the contracts under which those advancements were made carry with them in all instances a provision as to what should be done with the plants so created?

Col. SARGENT. Do you mean contracts calling for reimbursements to contractors for expenditures already made? The advances have been handled by the War Credits Board.

The CHAIRMAN. I do not know that the distinction there makes any difference—that is, whether they are advances or reimbursements. In cases where moneys were paid out by the Government for plant extensions, was provision made in all instances as to the rights of the Government and of the owner of the plant extended as to what should be done with such facilities so created?

Col. SARGENT. Do you mean whether or not the contract contained a clause stating what should be done with the plant facilities?

The CHAIRMAN. Yes.

Col. SARGENT. Speaking for the Procurement Division, with which, however, my office has nothing to do, contracts were of two kinds, those that had such a clause in them and those that had not.

The CHAIRMAN. Of the \$489,000,000 of plant investment, can you tell me how much of it is represented by investments in Government-owned plants, pure and simple, in the sense that the Government has complete title to the land, buildings, machinery, and everything else?

Col. SARGENT. I think I can give it very briefly, if someone will put these figures down and add them up: The Nashville Powder Plant represents \$90,000,000, the Charleston plant, \$66,275,000; the four loading plants at very nearly \$15,000,000 apiece; the picric-acid plants, one of which is at Brunswick, Ga., the obligations on which are about \$3,000,000; the plant at Little Rock, Ark., \$3,500,000, and I might add about \$3,000,000 for improving and rebuilding the Gillespie plant. I think that about covers the plants that are Government owned.

The CHAIRMAN. That would foot up between \$200,000,000 and \$225,000,000, would it not?

Col. SARGENT. There is another kind of case where the plant is entirely detached from the contractor's present or original plant, and where the Government owns the entire new operation, but not the land.

The CHAIRMAN. How many cases are there in connection with ordnance plant investment?

Col. SARGENT. There are about 421 on this list. I speak from memory, and I do not pretend that it is absolutely accurate.

(See p. 997.)

NASHVILLE (TENN.) PLANT.

The CHAIRMAN. Now, suppose we begin and check up some of the Government-owned plants in the sense of plants that the Government has created entirely and owns entirely. Of the powder plants, the

argest investment has been the one at Nashville, Tenn., has it not, which you call the "Old Hickory"?

Col. SARGENT. That is the one.

The CHAIRMAN. What was the total allotment for that plant?

Col. SARGENT. Maj. Jeffries remembers. It was \$75,000,000, later increased to \$90,000,000.

The CHAIRMAN. What has been expended on it?

Col. SARGENT. About \$85,000,000.

The CHAIRMAN. How much additional is to be expended?

Col. SARGENT. My understanding is—that is, by another department—there are no further expenditures to be made there.

The CHAIRMAN. There has been expended \$85,000,000?

Col. SARGENT. That is right.

The CHAIRMAN. And you don't contemplate the expenditure of the additional \$10,000,000?

Col. SARGENT. I can't speak for that; but I think Col. Harris can.

Gen. WILLIAMS. Col. Harris, give the expenditures at "Old Hickory."

Col. HARRIS. It is estimated to meet obligations already incurred, close up the plant, fix the buildings so they would not be open to the weather, close it down, nothing additional, would be six million and half above what has already been expended, which is \$83,500,000.

The CHAIRMAN. Well, now, does anybody know, Colonel, whether that \$6,000,000 is going to be expended at this plant?

Col. HARRIS. It is estimated for that purpose.

The CHAIRMAN. Has it been determined? Are you going ahead and doing the work?

Col. HARRIS. The plant has to be closed up. It is estimated at \$6,500,000.

The CHAIRMAN. What have you at this powder plant, or what is the capacity?

Col. HARRIS. Nine hundred thousand pounds of smokeless powder per working day.

The CHAIRMAN. What have you been able to do in the way of production in the past period?

Col. HARRIS. The production during the months up to the end of November was 17,864,081 pounds. The estimated production up to the time of closing down is 30,864,081 pounds.

The CHAIRMAN. How near to that estimated production has the plant come?

Col. HARRIS. Well, there were six units in production, and the other three were practically finished—the plant was practically ready to do 900,000 pounds per day on November 11, 1918.

The CHAIRMAN. When it is completed with this expenditure of \$6,000,000, you will have a 900,000-pound per day plant?

Col. HARRIS. Yes, sir.

The CHAIRMAN. That is for making smokeless powder?

Col. HARRIS. And the necessary auxiliary plants, such as purification of cotton and so on.

The CHAIRMAN. To make smokeless powder?

Col. HARRIS. Yes, sir.

The CHAIRMAN. That is all you do make there?

Col. HARRIS. Yes, sir; that is all.

The CHAIRMAN. It is proposed to preserve that plant as a permanent Government plant?

Col. HARRIS. Yes, sir.

The CHAIRMAN. Not to operate it for the present?

Col. HARRIS. The plant will not be operated, except in so far as it may be necessary to produce smokeless powder and develop new processes on a small scale; but such as is necessary to produce will be made at that place.

The CHAIRMAN. By that do I understand you to mean that the other plants, if any, are to be abandoned entirely?

Col. HARRIS. Yes, sir; except for storage.

The CHAIRMAN. How much land investment was made at Nashville, do you recall?

Col. HARRIS. I couldn't answer that correctly.

The CHAIRMAN. Put it in the record, please.

In giving the cost of the plant does that include such housing facilities as were necessary to be built in connection with the plant, or is it exclusive of that? [See p. 997.]

Col. HARRIS. Total cost of the plant, sir, inclusive.

The CHAIRMAN. It includes the housing facilities for the working people?

Col. HARRIS. Yes, sir. I will verify that. I am sure of it, but I will verify it.

CHARLESTON, W. VA., PLANT.

The CHAIRMAN. In addition to this powder plant, you have one plant in West Virginia?

Col. HARRIS. Yes, sir.

The CHAIRMAN. What was the estimated cost of that plant to be?

Col. HARRIS. Total estimated cost \$66,275,000.

The CHAIRMAN. What has been spent?

Col. HARRIS. \$56,509,400.

The CHAIRMAN. What is going to be spent?

Col. HARRIS. Approximately \$6,000,000.

The CHAIRMAN. What was that plant's capacity to be?

Col. HARRIS. 625,000 pounds per day.

The CHAIRMAN. It was seven-ninths of the other's size?

Col. HARRIS. Yes, sir; approximately.

The CHAIRMAN. Are the costs relatively the same?

Col. HARRIS. Relatively; yes, sir. \$90,000,000 against \$66,000,000, seven-ninths would be \$70,000,000.

The CHAIRMAN. How far along is that plant?

Col. HARRIS. Eighty-three per cent completed.

The CHAIRMAN. What production have you had? It is to be in seven units?

Col. HARRIS. Five units of 125,000 pounds' capacity each.

The CHAIRMAN. I presume some of the units are 100 per cent complete, but the average is 83 per cent?

Col. HARRIS. Yes, sir. The general principle was to complete one unit at a time, to carry the others on, but to complete them as rapidly as possible. The production during the month of November was 1,250,000 pounds, and they were arbitrarily told to proceed until they had completed 6,550,000 pounds.

The CHAIRMAN. Why?

Col. HARRIS. They had an allotment to make 101,000,000 pounds powder and at the time of the armistice we just chopped 95,000,000 it, stopped them at that point.

The CHAIRMAN. How long will they be running?

Col. HARRIS. They have stopped completely.

The CHAIRMAN. What is proposed to do with this plant?

Col. HARRIS. That plant will probably be salvaged; that is, disposed of.

The CHAIRMAN. It is not to be maintained as a Government powder plant?

Col. HARRIS. A portion of the plant devoted to storage purposes will have to be retained for some time as a storage place, but there is no other need for that plant.

The CHAIRMAN. What salvage do you estimate you will get out of? Has anybody estimated on it?

Col. HARRIS. I don't think it has been estimated.

The CHAIRMAN. Are these two plants alike in construction, the one at Nashville and the one in West Virginia?

Col. HARRIS. Yes, sir; generally speaking; but they were built by different concerns, and, of course, there will be differences.

The CHAIRMAN. I mean they are all of the same sort of construction and they are temporary structures?

Col. HARRIS. Col. Sargent can give you the plant features better than I can.

Col. SARGENT. I am not personally familiar with the plant features here myself.

The CHAIRMAN. Are they wood or steel or concrete or iron construction, the buildings?

Gen. WILLIAMS. I don't know, sir; I haven't been there.

Col. SARGENT. My understanding is that they were temporary structures at that plant. That was handled by a division of construction of the War Department before Ordnance took it over.

The CHAIRMAN. Is there any estimate of the cost of making powder at these plants?

Col. HARRIS. The last figure is about 44 cents a pound. I can give you the cost of powder to date, but the cost was constantly going down in spite of the fact that the cost of material was constantly going up.

The CHAIRMAN. Now, your West Virginia plant, you say, you are going to scrap. Then you are not going to spend any additional moneys on it?

Col. HARRIS. Just enough to meet obligations, clean up, and close the openings in buildings.

The CHAIRMAN. You are not even going to close up those that you are going to scrap, are you?

Col. HARRIS. It appears to be an advantage not to leave the buildings entirely open. The Secretary of War's office is handling the construction of that plant.

The CHAIRMAN. How much are you figuring to spend on that plant now?

Col. HARRIS. At the time these figures were made up, and estimating the fact that somebody else was doing the work, the figures were made, the total expenditures were \$55,000,000 and the estimated expenditure necessary to meet obligations and to close the thing up

and put the machinery, etc., in proper condition was approximately \$6,000,000.

The CHAIRMAN. Well, I don't know that I clearly understand you. Is that \$6,000,000 necessary in order simply for the preservation of the plant, or was that the figure you had for the completion of the plant?

Col. HARRIS. That is not the figure for the completion of the plant.

The CHAIRMAN. That was simply to finish such work as was thought desirable to do now, having in mind that the plant was subsequently to be scrapped?

Col. HARRIS. Getting the machinery under proper cover and greasing it, so it would not deteriorate.

The CHAIRMAN. Have you any figures as to what proportion of this expenditure is for land and what for buildings and what for machinery?

Col. HARRIS. I estimate 30 per cent for buildings, 50 per cent for equipment, and 20 per cent for housing at the nitro plant.

The CHAIRMAN. Does this include housing for employees?

Col. HARRIS. Yes, sir. I will submit a statement covering these details. [See p. 997.]

The CHAIRMAN. I wish you would, showing the amount that has been expended in each instance for housing, etc. You had in mind at one time the placing of a third powder plant in Jefferson County, Ky.?

Col. HARRIS. Yes, sir.

The CHAIRMAN. What moneys, if any, were ever expended on that?

Col. HARRIS. \$170,000 was set aside for the procurement of the land, and the land was more than 2,000 acres. Du Pont had proceeded far enough to get control of something like 600 acres, and I don't think the matter has been settled, but something like \$50,000 would be represented by their action. I can't say whether they have actually turned that title over to the Government or whether the money has actually been spent, but the record shows about \$50,000 was represented by that action to-day.

The CHAIRMAN. Nothing further was ever done in connection with that?

Col. HARRIS. No, sir; nothing further.

The CHAIRMAN. Now, there are no other investments that the Government has made in powder plants?

Col. HARRIS. Not smokeless.

The CHAIRMAN. And it is proposed to simply maintain the one at Nashville?

Col. HARRIS. Yes, sir.

The CHAIRMAN. Closing up the Picatinny Arsenal, which is a very small one nowadays, and also the one at Charleston, W. Va.?

Col. HARRIS. Yes, sir.

OPERATION OF NASHVILLE, TENN., AND CHARLESTON, W. VA., PLANTS.

The CHAIRMAN. Were these plants being operated under contracts with third parties, or how?

Col. HARRIS. The plants were to be operated in the Nashville case by the Du Pont company and in the Charleston case by the Hercules company.

The CHAIRMAN. What were the terms, do you recall, roughly speaking?

Col. HARRIS. I couldn't state.

The CHAIRMAN. Has there been a settlement of those operating contracts with the Hercules and the Du Pont people?

Col. HARRIS. I don't believe so. The settling agency is called the claims board, and they have them in hand, but I don't believe settlement has actually been made, but cancellation has gone out on production.

The CHAIRMAN. The Du Pont people were not only to operate the plant at Nashville but they also actually built it?

Col. HARRIS. Yes, sir.

The CHAIRMAN. There were to receive certain compensation for the building as well as the operation?

Col. HARRIS. \$1 for building the plant.

The CHAIRMAN. The operating provision had a feature in it by which they received indirectly a compensation for the creation of the plant, did it not?

Col. HARRIS. I don't know.

Gen. WILLIAMS. For the operation they had a certain compensation for each pound of powder, and there was also a reduction in this beyond a certain per cent.

The CHAIRMAN. Colonel, suppose that you have inserted in the record the contracts had in each instance in connection with the operation of these plants.

Col. HARRIS. Yes, sir.

CONTRACT MADE BY THE CHIEF OF ORDNANCE WITH DU PONT ENGINEERING COMPANY, OF WILMINGTON, DEL., FOR A SMOKELESS POWDER PLANT AND FOR THE OPERATION THEREOF.

[Dated —, 1918. Total amount of contract, \$—, execution completed (date of final signature). Copy sent to Returns Office, Department of the Interior. War Department, office of the Chief of Ordnance.]

This contract made this 23d day of March, 1918, by and between duPont Engineering Co., a corporation organized under the laws of the State of Delaware (hereinafter called the contractor), party of the first part, and the United States of America, by Samuel McRoberts, colonel, Ordnance Department, United States National Army (hereinafter called the contracting officer) acting by and under the authority of the Chief of Ordnance, United States Army, and under the direction of the Secretary of War, party of the second part: Witnesseth,

Whereas a state of war exists between the United States of America and the German and Austro-Hungarian Governments, constituting a national emergency, and the United States requires the immediate performance of the work hereinafter described, and it is necessary that said work shall be completed within the shortest possible time; and

Whereas the United States entered into a contract with the said duPont Engineering Co., under date of January 29, 1918, which contract was approved by D. C. Jackling, as special director, for the construction, as agent for the United States, on land owned by the United States at or near Nashville, Tenn., of a plant for the manufacture of smokeless powder, said plant to consist of five sections or units of an aggregate capacity of approximately 500,000 pounds per day of 24 hours, and work thereon has been commenced; and

Whereas it has now become necessary that a plant consisting of nine sections or units shall be constructed, with an aggregate capacity of 900,000 pounds of smokeless powder per day of 24 hours; and

Whereas it is desirable that a new contract should be entered into for the construction and completion of the enlarged plant, and the operation thereof, such new contracts to supersede and cancel (by mutual consent of the parties hereto and in accordance with the best interests of the United States) said contract of January 29, 1918:

Now, therefore, in consideration of the mutual agreements herein contained the said parties have agreed and by these presents do agree with each other, as follows:

ARTICLE I. The contractor agrees to proceed with a survey of the site and general layout of the plant, to design and prepare all plans, drawings and specifications, to procure all the necessary labor and materials, and to construct on a site owned by the United States, at or near Nashville, Tenn., a complete plant for the manufacture of smokeless powder to consist of nine sections or units, each with a capacity of 100,000 pounds of smokeless powder per day of 24 hours, the aggregate capacity of said completed plant to be approximately 900,000 pounds per day of 24 hours (capable of being operated 27 days per month), available for the daily manufacture of (1) 700,000 pounds maximum of water-dried smokeless powder for cannon. *Provided, however,* That not more than 50,000 pounds of water-dried military small-arms smokeless powder in lieu of an equivalent amount of water-dried smokeless powder for cannon may be produced, if required; (2) 200,000 pounds maximum of air-dried smokeless powder for cannon; the said plant to include sulphuric and nitric acid manufacturing and recovery plants, caustic soda manufacturing and recovery plants, cotton purification plants, gun-cotton manufacturing plants, water supply, waste disposal, power, lines of communication and transmission, storehouses, plants for the manufacture of ether, diphenylamine and rectification of alcohol, houses for employees, administrative buildings, laboratories, shops, box factories, hospitals, commissaries, stores, freight yards with standard-gauge tracks, spur track of standard gauge of approximately 8 miles in length extending from the existing railway line of the Nashville, Chattanooga & St. Louis Railway Co. to the plant site, and such other things as may be necessary for a complete plant of the capacity aforesaid.

The plant for the manufacture of diphenylamine, above referred to, will have an excess capacity sufficient to supply an adequate quantity of diphenylamine for the operation of the smokeless powder plant now being constructed by the United States at or near Charleston, W. Va., at its present capacity of 625,000 pounds of smokeless powder per day of 24 hours.

It is estimated that the total cost of the work aforesaid will be approximately \$75,000,000.

If, owing to the location, construction, or operation of said plant it shall become necessary to remove, relocate, or extend any water main through which the city of Nashville, Tenn., is supplied with water, the contractor is authorized to incur the necessary costs and expenses in connection therewith, and the United States shall promptly reimburse the contractor therefor. It is understood that no part of the cost of such work is included in the above estimate of \$75,000,000.

ART. II. The contractor is hereby authorized to do all things necessary or convenient in and about the construction of the plant, including the purchase and procurement of all materials and labor necessary therefor, except that the United States shall furnish the requisite amount of platinum, estimated at approximately 13,000 ounces, to be paid for by the contractor and charged to the cost of construction. In order that the contractor may expedite the work of construction, it may, in its discretion, from time to time, pay extra compensation for materials or services, subject, however, to the approval of the contracting officer, which extra compensation shall be charged to the cost of construction. Whenever it is inexpedient for any portion of the construction work to be performed by the contractor, it may, in its discretion, subcontract such portion of the work, upon the most advantageous terms obtainable consistent with the best interests of the United States. All such subcontracts to be subject to cancellation and termination upon the same conditions as those governing the cancellation and termination of this contract.

The United States shall reimburse the contractor for all costs and expenses of every character and description incurred or made in connection with the construction and equipment of the plant, or any part thereof, including the pro rata share properly attributable to the construction work under this contract (a) of the expense of maintaining the contractor's office at Wilmington, Del., or elsewhere, and (b) of the salaries and traveling expenses of all officials and employees of the contractor and of E. I. Du Pont de Nemours & Co.

In order that the work of construction may proceed with the utmost promptness and dispatch, the contractor shall, from time to time, make the expenditures and pay the costs aforesaid, and the United States upon presentation of satisfactory evidence of such expenditures and payments shall promptly reimburse the contractor therefor.

Payments and reimbursements shall be made to the contractor by the United States on account of said construction work, as follows:

(a) In consideration of the fact that the contractor is undertaking the construction of said plant without compensation for its services beyond the payment of \$1, as hereinafter provided, it is agreed that the United States will, as far as possible, relieve

the contractor of any necessity of utilizing its own funds in the prosecution of the work, and to that end upon the signing of this contract the United States shall advance the contractor, without payment of interest thereon by the contractor, the sum of \$8,750,000, to be absorbed or returned as in this article provided.

Any interest that may be received by the contractor on the moneys advanced on the construction work shall belong to the United States and be credited to the cost of construction. The contractor will deposit the sum so advanced in a separate bank account and at all times keep said sum distinct and separate from its own funds. It will use its best efforts to obtain from the depository or depositories the highest rate of interest obtainable on said balance or balances.

(b) Upon presentation of satisfactory evidence showing the cost and expenditures incurred or made in connection with said construction work, the United States shall promptly pay to the contractor amounts equal to such costs and expenditures, which payments shall be in addition to the advance payment mentioned in paragraph (a) of this article.

(c) Whenever 75 per cent of the total estimated cost of the plant has been paid to the contractor, in addition to the advance payment mentioned in paragraph (a) of this article then no additional payments on account of said construction work shall be made to the contractor by the United States until said advance payment of \$8,750,000 is expended; provided, however, that if the total cost thereof shall be in excess of the amounts paid to the contractor, including said advance payment, then the United States shall, upon presentation of satisfactory evidence, reimburse the contractor to the extent of such excess cost, and if upon the completion of the plant there shall remain due the United States from the contractor any unused sums theretofore advanced by the United States in respect of the construction work aforesaid, the same shall be promptly returned to the United States.

The contractor shall be paid, in addition to reimbursement for the total cost of the construction of the plant, the sum of \$1, and no more, as its profit for designing, supervising, and constructing the plant. Any sums heretofore paid the contractor as compensation under the provisions of the said contract between the United States and the Du Pont Engineering Co. under date of January 29, 1918, shall be credited by the contractor to the advance payment on account of construction, as herein provided, and be subject to the same conditions and disposition as herein provided for the said advance payment.

ART. III. The contractor shall use its best endeavors to construct the plant as quickly as possible, and estimates that the first section will be ready for the manufacture of powder on or about August 15, 1918, and that the additional sections will be ready for the manufacture of powder one each 30 days thereafter, so that the entire plant may be ready for the manufacture of powder on or about April 15, 1919. It is understood, however, that the foregoing is merely an estimate and in no sense a guaranty by the contractor, the date of completion depending in part upon the full cooperation of the United States in obtaining the necessary construction materials, equipment, and labor.

ART. IV. (a) As each section is completed the contractor shall forthwith proceed to operate it and shall do all things necessary or convenient in and about the operation of the plant, or any part thereof, including the purchase and procurement of all necessary materials and labor therefor. The contractor shall not, except with the written consent of the contracting officer, purchase raw materials for the manufacture of powder in excess of the amounts required for the complete fulfillment of this contract. The United States shall bear all costs and expenditures of every character and description, incurred or made in connection with the operation of the plant, or any part thereof, including the cost of labor, materials and their conversion, repairs, power, transportation, general works expense, work accidents as provided in Article XIV hereof, plant superintendence, maintenance of guards, and also the pro rata share properly attributable to the operation of the plant, or any part thereof (1) of the cost and expense of maintaining the contractor's office at Wilmington, Del., or elsewhere; and (2) of the salaries and traveling expenses of all officials and employees of the contractor and of E. I. Du Pont de Nemours & Co.

The costs and expenditures determined as above, exclusive, however, of (1) the cost of placing finished powder in storehouses, (2) the cost of boxes, and (3) the expense of maintaining guards at the plant, shall be used in calculating the "actual cost" of powder, which actual cost shall be ascertained on or before the last day of each month for the preceding month. Amortization and depreciation of plant shall not be considered in any way under this contract.

(b) In determining the actual cost of powder while construction and operation are in progress concurrently, the actual cost pertaining to each is to be determined on the basis of the actual expense incurred in each. Labor expense incurred in the con-

struction and operation is to be prorated in accordance with the time devoted to each.

(c) In addition to reimbursement by the United States for all costs and expenditures outlined in this article, as aforesaid, the contractor shall be compensated by the United States for the operation of the plant as follows:

The United States shall pay to the contractor $3\frac{1}{2}$ cents per pound for each and every pound of powder delivered and accepted under this contract, and in addition thereon one-half of the difference, if any, between the price per pound, to be determined in accordance with the provisions of paragraphs (d) and (e) of this article, and the actual cost per pound as ascertained under paragraph (a) of this article, where such actual cost is less than the price so determined.

(d) The base prices hereinafter specified are predicated upon the prices per pound given below, f. o. b. Nashville, Tenn., of the five component materials named:

	Cents.
Nitrate of soda.....per pound..	4. 1175
Linters.....do....	5. 25
Shavings.....do....	4. 22
Alcohol.....do....	12. 459
Sulphur.....do....	1. 3545

It is the intention of the parties hereto that the contractor shall not benefit or lose by any decrease or increase in the prices of any of said five raw materials from the prices named in this paragraph. If the cost of said raw materials, or any of them, shall so change as to decrease or increase the actual cost of the powder, as determined under paragraph (a) of Article IV hereof, then the base prices hereinafter specified shall be decreased or increased accordingly.

All materials for construction or operation upon which prices have been fixed by the United States shall be purchased by the contractor at the prices so fixed, and where the price of any of the raw materials named in the above schedule has not been fixed by the Government, they shall not be purchased by the contractor at prices more than 20 per cent higher than those specified above, except with the approval of the contracting officer.

(e) The base prices for the several grades of powder to be manufactured hereunder shall be as follows:

(1) For water-dried powder, for cannon, of a web thickness of 0.060 of an inch or less, the base price shall be $44\frac{1}{2}$ cents per pound.

Illustration of the change in cost of raw materials: Should the cost of nitrate of soda used in the manufacture of powder be 3.1175 cents per pound instead of 4.1175 cents per pound, and the quantity required be 1.65 pounds of nitrate of soda per pound of powder produced therefrom, then the above base price of $44\frac{1}{2}$ cents per pound would be reduced by 1.65 cents per pound to 42.85 cents per pound.

(2) For water-dried powder for cannon of a web thickness greater than 0.060 of an inch, the base price shall be $45\frac{1}{2}$ cents per pound; (3) for water-dried "regular" military small-arms powder, the base price shall be $52\frac{1}{2}$ cents per pound; (4) for water-dried "improved" military small-arms powder, the base price shall be $56\frac{1}{2}$ cents per pound; (5) for air-dried powder for cannon the base price shall be $45\frac{1}{2}$ cents per pound.

ART. V. (a) The United States shall advance and pay to the contractor 13 cents per pound on the total estimated production of 145,800,000 pounds of powder. The total of such advance payments will be \$18,954,000, to be made as follows:

On May 15, 1919.....	\$6, 318, 000
On Sept. 15, 1918.....	6, 318, 000
On Dec. 15, 1918.....	6, 318, 000

The contractor shall not be required to pay interest on the sums so advanced, and any interest that may be received by the contractor on the money advanced shall be credited to the Government as money advanced. Said advances shall be secured as and when made by bonds or other security satisfactory to the contracting officer.

(b) As and when each lot of 50,000 pounds or more of powder is placed in dry house, the United States shall pay to the contractor 22 cents per pound in addition to the advance payment of 13 cents per pound provided in paragraph (a) of this article.

(c) As and when any lot of powder has been accepted and delivered, bills therefor shall be presented to the United States by the contractor, in which the United States shall be charged with: (1) The actual cost per pound of powder as ascertained under paragraph (a) of Article IV hereof; (2) $3\frac{1}{2}$ cents per pound for each and every pound of powder, as fixed in paragraph (c) of Article IV hereof; (3) one-half of the difference, if any, between the actual cost per pound of powder, as ascertained under paragraph (a) of Article IV hereof, and the price per pound of powder, as determined under paragraphs (d) and (e) of Article IV; and the United States shall be credited with:

1) The amounts per pound of powder theretofore paid to the contractor by the United States under paragraphs (a) and (b) of this article.

Upon presentation of satisfactory evidence of the correctness of such bills, the United States shall promptly pay the balance to the contractor.

ART. VI. The contractor shall operate the sections of the plant, as and when severally completed, until such time as the aggregate operation of the completed sections shall be equal to the operation of one section for 54 consecutive months. It is estimated that the full capacity of each section will be approximately 2,700,000 pounds of powder per month, and that the operation of one section for 54 consecutive months will produce approximately 145,800,000 pounds of powder. Said estimate, however, shall not be considered as limitation of the amount of powder to be produced. If there shall be produced more than 145,800,000 pounds, the contractor shall be paid for all powder in excess of said amount upon the same terms and conditions as apply to said amount of 145,800,000 pounds.

In the case of water-dried powder, the period of operation shall begin for each section when the first lot of 50,000 pounds or more of powder therefrom is packed. In the case of air-dried powder, the period of operation shall begin for each section when the first lot of 50,000 pounds or more of powder therefrom is placed in the dry house.

If, after operating the plant, or any part thereof, to an extent equivalent to the operation of one section for 54 consecutive months, the amount of powder produced shall be 145,800,000 pounds or more, then the contractor shall cease operating the plant, unless the United States shall exercise the option referred to in Article VII hereof. If after so operating the plant, the amount of powder produced shall be less than 145,800,000 pounds, then the contractor shall continue to operate the plant until said amount shall have been produced.

When the operation of the plant shall cease, or upon termination or cancellation of this contract under Article XV, the United States shall reimburse the contractor for all costs and expenses of every character and description incurred or made in or connected with the construction, equipment, or operation of the plant, or any part thereof, including the cost of all labor, freight, and all apparatus and materials purchased, whether delivered or undelivered, in connection with the construction and equipment of the plant or the operation or contemplated operation thereof; all obligations of the contractor incurred hereunder outstanding at the date of such cessation or termination of which may thereafter arise shall be assumed by the United States, and the United States shall save harmless the contractor in respect of any liability whatsoever in connection therewith. At the option of the United States the contractor shall assign or transfer to the United States or its nominee all contracts then outstanding entered into by the contractor hereunder.

Should this contract cease or be terminated after the manufacture of powder has begun, the contractor shall be paid by the United States, in addition to all costs and expenses incurred to the date of such cessation or termination, the sums provided in paragraphs (c), (d), and (e) of Article IV hereof, for all finished powder produced to the date of such termination, and also for all other powder, whether air or water dried, that is in process of drying or further state of completion. If there shall remain due the United States from the contractor any sum theretofore advanced by the United States, after all reimbursements and payments outlined in this article have been made, such sums shall be promptly returned by the contractor to the United States.

ART. VII. When the plant, or any part thereof, shall have been operated to an extent equivalent to the operation of one section for 54 consecutive months and 145,800,000 pounds or more of powder have been produced, the United States, upon notice to the contractor (given at least three months prior to the time when the plant will have been operated to such extent) shall have the option from time to time of requiring the contractor to continue to operate the plant for additional periods of at least three months each, upon the same terms and conditions as those provided in Articles IV and V hereof.

ART. VIII. Powder for cannon shall be manufactured in accordance with the provisions of Part II (manufacture, inspection, and test) of pamphlet No. 450, as last revised, entitled "Instructions to Bidders and Specifications Governing the Manufacture, Test, and Inspection of Smokeless Powder for Cannon," and "regular" military small-arms powder shall be manufactured in accordance with the provisions of Part III (special specifications and tests) of pamphlet No. 451, as last revised, entitled "Instructions to Bidders and Specifications Governing the Manufacture, Test, and Inspection of Smokeless Powder for Small Arms," issued by the Ordnance Department, United States Army. Both of said parts of said pamphlets are hereby made a part of this contract with like effect as if herein set out in full.

The contracting officer may from time to time make changes in the specifications governing the manufacture of smokeless powder, provided he shall give the contractor

due and timely notice of such changes. If such changes require a substantial amount of additional work, labor, or materials, a fair addition shall be made to the pertinent base price or prices specified in paragraph (c) of Article IV hereof, but if such changes involve a substantially smaller amount of work, labor, or materials a fair deduction shall be made therefrom, all as shall be determined by the contracting officer. No claim for addition or deduction on account of any such change shall be made or allowed unless the same has been ordered in writing by the contracting officer.

The United States shall advise the contractor as to the granulations of powder to be manufactured, as follows:

(a) In the case of guns for which the contractor has previously manufactured satisfactory powder, at least 60 days' notice shall be given prior to the manufacture of powder;

(b) In other cases, ample notice and opportunity shall be given to enable the contractor to make a satisfactory granulation test before beginning manufacture.

ART. IX. The contractor shall keep complete records as to all construction and operating expenses, all of which records shall at all times be open to the inspection of the United States or its duly authorized representatives. The United States may examine all work as it progresses and shall audit all accounts, but in such a manner as not to interfere with the contractor proceeding with the construction and operation in any manner and by any means that in its judgment will best produce the desired results under this contract.

ART. X. To facilitate prompt payments to the contractor, the United States shall detail paymasters at the plant and at the contractor's home office. Any payments by the United States shall be subject to correction for errors, if any.

ART. XI. The title to all parts of the plant to all materials, including powder, shall vest in the United States simultaneously with any payment on account thereof by the United States.

ART. XII. The contractor shall fabricate in the box factories connected with the plant all boxes required for packing powder. The United States shall remove from the plant site the finished powder as fast as it is submitted, tested, and accepted, it being understood that the contractor has not made any provision for storehouses in which to store powder after it has been accepted by the United States. If the United States requires storage facilities for finished powder, the contractor shall erect storehouses for such purposes on the plant site, if there shall be adequate space thereon and if not, then upon land immediately adjoining the plant site, if available. The United States shall, exclusive of any profit, reimburse the contractor for all costs and expenses incurred or made in connection with any of the work described in this article.

Delivery of the powder shall be made, as may from time to time be directed by the contracting officer, either f. o. b. cars at the point of manufacture or in storehouses erected in accordance with the provisions of this article. All powder so delivered shall thereafter be in the custody of the United States.

ART. XIII. The contractor is authorized to procure liability insurance protecting it against any and all loss due to claims on the part of employees or the public, and to charge all premiums therefor as part of the cost of construction and operation.

ART. XIV. The contractor is not required to place any fire or other insurance in respect of any work or materials involved in this contract. The United States shall hold and save harmless the contractor from all loss by accident, fire, flood, explosion, or otherwise arising or growing out of the construction or operation of the plant.

For the purpose of determining the cost of production, no loss due to accident, fire, flood, explosion, or otherwise arising or growing out of the operation of the plant shall be charged to the cost of operation, but in lieu thereof \$0.004 per pound of powder shall be charged to the cost of operation.

ART. XV. This contract may be terminated and canceled by the United States (1) at any time before the manufacture of powder has begun, and (2) after the manufacture of powder has begun the contract may then be canceled, because the need for the plant or the output thereof has ceased to exist, or because of the willful violation of this contract by the contractor.

ART. XVI. In case the contractor is prevented from performing any work, or delivering any powder hereunder, by reason of causes beyond its control or by reason of inability to obtain essential materials to be used in the construction of the plant or in the manufacture of powder, or by reason of labor shortage or labor troubles, the contractor shall be excused from performing work or delivering powder while prevented from so doing by any one or more of the causes aforesaid, but this contract shall, as to the work, materials, and powder affected thereby, but not otherwise, be suspended during the time such cause for delay is present, and all such

work shall be performed and the powder delivered as soon as practicable after such liability is removed, all subject to the provisions of Article XV.

ART. XVII. This contract shall not, nor shall any right to receive payment or any other interest therein, be transferred or assigned by the contractor to any person, firm, or corporation without the written consent of the Secretary of War: *Provided, however,* The contractor shall, unless otherwise directed by the contracting officer, insert in every contract hereafter made for construction work, increased facilities, labor, material, supplies, and the like, or otherwise relating to the performance of this contract, a provision that such contract may be assigned by the contractor.

ART. XVIII. If any doubts or disputes shall arise as to the meaning of anything in this contract, they shall be referred to the Chief of Ordnance for determination. If, however, the contractor shall feel aggrieved at any decision of the Chief of Ordnance upon such reference, he shall have the right to submit the same to the Secretary of War, whose decision shall be final.

ART. XIX. The contractor shall furnish to the United States within 10 days after the execution of this contract a bond in the sum of \$20,000,000, conditioned upon the full and faithful performance by the contractor of all terms, covenants, and conditions thereof. Such bond shall be in form and with sureties satisfactory to the contracting officer. Unless such bond is furnished within the time limited, this agreement may at the option of the contracting officer, be canceled.

ART. XX. No Member of or Delegate to Congress or Resident Commissioner, nor any person belonging to or employed in the military service of the United States, is or shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom, but this article shall not apply to this contract so far as it may be within the operation or exception of section 116 of the act of Congress approved March 4, 1909. (35 Stat., 1109.)

ART. XXI. No persons or person shall be employed in the performance of this contract who are undergoing sentences of imprisonment at hard labor which have been imposed by the courts of the several States, Territories, or municipalities having criminal jurisdiction.

ART. XXII. Any notice addressed to the contractor at Du Pont Building, Wilmington, Del., and either there delivered or deposited in a post-paid wrapper in any post-office box regularly maintained by the United States, shall be deemed to have been served upon the contractor. The address of the contractor may be changed at any time by notice in writing to the contracting officer. Nothing herein contained shall preclude service of notices upon the contractor by delivery thereof to any of its officers in person.

ART. XXIII. Wherever the term "Contracting Officer" is used in this contract the same shall be construed to mean his successor or successors, his duly authorized agent or agents, or anyone designated by the Chief of Ordnance, from time to time, to act as contracting officer.

ART. XXIV. This contract shall supersede, cancel, and terminate the contract of January 29, 1918, between Du Pont Engineering Co., and the United States, by which said company was authorized to act as agent of the United States in the construction and operation of the plant aforesaid: *Provided, however,* That such cancellation and termination shall not in any way affect any of the subcontracts, obligations, or commitments which the Du Pont Engineering Co., as agent, has heretofore in good faith entered into, made, or incurred under said contract of January 29, 1918: *Provided, also,* That such cancellation and termination shall not affect the right, title, or interest of the United States to or in any work heretofore done or property heretofore purchased under said contract for which the United States may have paid or for which it may have become obligated in any manner, or to which it was entitled under said contract at the date hereof; but, on the contrary, each and every such right and interest of the United States is hereby confirmed.

In witness whereof the parties hereto have caused these presents to be executed and delivered (in sextuplicate) at Washington, D. C., the day and year first above written.

DU PONT ENGINEERING CO.,
By _____.

UNITED STATES OF AMERICA,
By _____.

Contracting Officer.

Acting Secretary of War.

Approved: _____

CONTRACT MADE BY THE CHIEF OF ORDNANCE WITH HERCULES POWDER CO., OF WILMINGTON, DEL., FOR THE OPERATION OF A PLANT IN NITRO, W. VA., FOR THE MANUFACTURE AND SUPPLY OF NITROCELLULOSE CANNON POWDER, ESTIMATED CAPACITY 625,000 POUNDS PER DAY.

[Dated May 9, 1918.]

This contract, made this 9th day of May, 1918, by and between the Hercules Powder Co., a corporation organized and existing under the laws of the State of Delaware, and having its principal office in the city of Wilmington, Del. (hereinafter called the contractor), party of the first part, and the United States of America, by Samuel McRoberts, colonel, Ordnance Department, National Army (hereinafter called the contracting officer), acting by and under the authority of the Chief of Ordnance, United States Army, and under the direction of the Secretary of War, party of the second part. Witnesseth.

Whereas a state of war exists between the United States of America and the Imperial German and the Imperial and Royal Austro-Hungarian Governments, constituting a national emergency, and the United States requires the prompt performance of the work hereinafter described, and it is necessary that the powder be furnished in the most expeditious manner; and

Whereas the United States has heretofore entered into a contract with a certain other contractor for the acquisition of the necessary real estate in Kanawha County, W. Va., and the construction of a plant thereon designed to manufacture and produce nitrocellulose cannon powder in the quantity of 625,000 pounds per working day of 24 hours; and

Whereas it has become necessary that the plant and the respective sections thereof should be operated when and as completed, to the end that the maximum capacity may be secured:

Now, therefore, in consideration of the mutual agreements herein contained, the said parties have agreed and by these presents do agree with each other as follows:

ARTICLE I. The United States agrees to cause such plant to be constructed, and the same shall be complete and fully equipped with proper machinery and with all tools, instruments, operating utensils, apparatus, and devices of every kind and character at the earliest practicable moment, it being intended that such plant operating 24 hours per day in a normal manner, will be capable of producing economically and safely daily not less than 625,000 pounds of nitrocellulose cannon powder.

Said plant shall consist of five sections with an operating production of 125,000 pounds of such powder for each section per working day of 24 hours operating in a normal manner, with all necessary auxiliaries incident to a fully complete and modern plant, including complete sulphuric and nitric acid manufacturing and recovery plants, caustic soda recovery plants, cotton-purification plants, guncotton manufacturing plants, water supply, waste disposal, power, transmission power lines, lines of telephonic and telegraphic communication, storage facilities for all raw materials and supplies and for powder, plants for the manufacture of ether, plants for the rectification of alcohol, a plant for manufacturing boxes, administrative buildings, laboratories and shops, hospitals and emergency stations fully supplied and equipped and sufficient in number and size, track and other scales of sufficient size and numbers, wagon roads, freight yards with standard gauge tracks, spur tracks of standard gauge connecting the sections of said plant in an ample manner with railroads, and all such other things as may be necessary for a complete and modern plant of the capacity aforesaid.

It is estimated that the first section of said plant will be so constructed, completed, equipped, and supplied on or before the 1st day of July, 1918, and that at least one section each month thereafter until such five sections will be so completed, equipped, and supplied and ready for operation.

That in addition to the equipment aforesaid the United States, at its own cost, shall provide and have on said plant premises at the completion of each of said plant sections such duplicate machines, extra equipment, and spare parts as will make adequate provisions for the ready substitution in the shortest time and at the expense of the United States of machines or parts thereof upon their destruction or impairment. The contractor, prior to the completion of each of such sections, shall advise the United States of the kind, character, and number of such duplicate machines, extra equipment, and parts required, which the United States shall thereupon provide.

The United States at its own expense shall procure and supply prior to or at the time said first section is ready for operation all ballistic testing equipment, primers, cases, and projectiles, and all other apparatus, including plant range grounds, guns of the calibers suited to test at such plant premises the powder manufactured under the terms of this agreement.

The contractor may make such restoration, replacement, substitution, extension, modification of said plant or parts thereof as may be reasonable and necessary for the economic manufacture of powder in the quantities and of the quality required under this contract. The cost of any such restoration, replacement, substitution, extension, or modification, other than ordinary repairs, shall not be charged against the cost of operation in determining the "actual cost" as provided in Article VI thereof. Ordinary current or periodical repairs shall be charged against such cost of operation.

ART. II. The United States shall at its own cost construct and furnish adequate and appropriate buildings, transportation equipment fully supplied and equipped, with all necessary utensils and furniture for the healthful and sanitary housing, feeding, transportation, education, recreation, and religious worship of the employees necessary in the operation of the plant, and the United States shall procure or furnish suitable and sanitary residences at or near the plant for the superintendents, foremen, and skilled employees engaged thereat as the contractor shall require. The contractor shall, as a part of the operation of such plant, operate and maintain by itself or its subcontractors, the facilities aforesaid, including the renting and collecting of rents for said residences. The contractor shall be reimbursed for all expenditures made by it relating to said maintenance and operation, as provided in Article VI of this agreement, and shall credit the United States with all receipts therefrom. The net cost or net income resulting from said operations shall be applied as an increase or decrease in the cost of powder.

The United States, at its own expense, shall furnish guards and properly police all the United States property outside the fence line of the plant premises.

The United States agrees that it will aid and assist the contractor in the expedition of transportation, the acquisition and procurement of necessary raw material, fuel, power, equipment, machinery, labor, skilled or unskilled, medical and technical assistance, and all other instrumentalities or agencies in or for the expeditious and economical operation of the plant and the production of powder.

ART. III. The United States shall cause to remain at said plant after its completion such designers, contractors, and other consulting experts as shall have been engaged and shall be familiar with the design or construction of said plant until the contractor or its representative shall have had the opportunity of becoming familiar with any and all apparatus thereat, and the operations thereof, in so far as the same shall be different from any within the experience of the contractor. Such men shall be compensated by the contractor, and such compensation shall be charged to the operating expense of the plant.

ART. IV. Upon the execution of this agreement by the parties hereto, the contractor shall proceed forthwith to secure the services of men with education and experience to act as line superintendents, assistant superintendents, foremen, and assistant foremen, chemists, engineers, and in other technical capacities for the operation of the several sections and parts thereof of said plant as and when completed, and with the aid of the United States shall cause said men to be stationed in plants now in operation, to gain the training and experience necessary or essential to qualify them for their respective duties at the plant in the production of such powder or the components thereof under the terms of this agreement. Any salaries, or compensation paid to such employees and all expenses incurred in this regard shall be repaid by the United States to the contractor and shall be charged as operating expense of said plant, and enter into the cost of any powder produced thereat. The United States shall, upon the request of the contractor, use its best efforts to arrange with other manufacturing concerns so that such employees may have an opportunity to study and perfect themselves, as the contractor shall require at such plants of such other manufacturers.

ART. V. The contractor shall do all things necessary or incident to the fulfillment of this contract, including the procurement of materials and labor, and as each section of the plant is completed, the contractor shall proceed forthwith to operate it, and shall do all things necessary or convenient in connection with the operation of the plant or any part thereof. The contractor shall not, except with the written consent of the contracting officer, purchase raw materials for the manufacture of powder unreasonably exceeding the amounts required for the complete fulfillment of this contract.

ART. VI. (a) The United States shall pay and reimburse the contractor for all expenditures actually made in or toward the performance of the work herein contracted, which shall include and embrace all expenditures of every character and description actually made in connection with or incident to the restoration, replacement, substitution, extension, modification, operation, and maintenance of the plant, and any and all parts thereof, including the cost of all labor and services, materials

and their conversion, repairs, power, transportation, general works expense, work accidents, plant superintendence, maintenance of guards, and also the pro rata share properly attributable to the performance of this agreement, and or to the operation of the plant or any part thereof (1) of all expenditures and expense of maintaining the contractor's offices at Wilmington, Del. and elsewhere; and (2) of the salaries and traveling expenses of all officials and employees of the contractor. The contractor shall be fully reimbursed for any and all expenditures which it shall make in or toward the performance of this agreement, whether or not mentioned or implied in the above and foregoing provisions of this paragraph, it being fully understood and agreed by the parties hereto that in no event shall the United States refuse to promptly reimburse the contractor for any expenditure actually made by the contractor in good faith, in or toward the performance of this agreement.

The United States shall pay and reimburse the contractor for all items of expenditure as above provided for, but in determining whether or not the contractor shall be entitled to any "additional compensation" as hereinafter provided, the "actual cost" of powder manufactured during each operating period of approximately one month shall be determined by excluding from the gross cost of operation (1) the cost of placing finished powder in storehouses; (2) all costs relating to the manufacture, repairs, or handling of boxes for finished powder; (3) expense of maintaining guards or guarding equipment at the plant; (4) the amount of taxes paid; (5) the cost of any restoration, substitution, extension, or modification of such plant other than ordinary repairs; and (6) any costs of "works accidents" other than the arbitrary or fixed sum of \$0.004 per pound of powder, which sum is to be included in "actual cost."

Amortization or depreciation of plant shall not be considered in any way under this contract.

(b) In addition to reimbursement by the United States for all expenditures provided for in subdivision "a" of this article, the contractor shall receive from the United States for its profit and as compensation in the operation of the plant, the following:

Two and three-quarters cents per pound for each and every pound of powder accepted and delivered under this contract, and, in addition thereto, one-half of the saving or difference, if any, between the "base price" of powder per pound determined in accordance with the provisions of subdivisions (c) and (d) of this article and the "actual cost" per pound, as ascertained under subdivision (a) of this article where such "actual cost" is less than the "base price" so determined.

(c) The "base prices" are predicated upon the prices per pound given below f. o. b. plant at Nitro, W. Va., of the five component materials named:

	Cents per pound
Nitrate of soda (not less than 95 per cent).....	4.17
Linters.....	5.25
Shavings.....	4.22
Alcohol (190 proof).....	12.45
Sulphur (pure).....	1.345

It is the intention of the parties hereto that the contractor shall not benefit or lose by any decrease or increase in the prices of any of said five raw materials from the prices named in this paragraph. If the cost of said raw materials, or any of them, shall so change as to decrease or increase the actual cost of the powder, as determined under subdivision (a) of this article, then the "base prices" shall be decreased or increased accordingly.

All materials for operation upon which prices have been fixed by the United States shall be purchased by the contractor at the prices so fixed, and where the price of any of the raw materials named in the above schedule has not been fixed by the Government they shall not be purchased by the contractor at prices more than 3 per cent higher than those specified above, except with the approval of the contracting officer.

(d) The "base prices" to be used in determining the contractor's right to receive "additional compensation" for the several grades of powder to be manufactured hereunder shall, subject to adjustments provided in subdivision (c) of this article, be as follows:

(1) For water-dried powder for cannon of a web thickness of 0.060 of an inch or less, the base price shall be 44½ cents per pound.

Illustration of the change in cost of raw material: Should the cost of nitrate of soda used in the manufacture of powder be 3.1175 cents per pound instead of 4.1175 cents per pound, and the quantity required be 1.65 pounds of nitrate of soda per pound of powder produced therefrom, then the above base price of 44½ cents per pound would be reduced by 1.65 cents per pound to 42.85 cents per pound.

(2) For water-dried powder for cannon of a web thickness greater than 0.060 of an inch, the base price shall be 45½ cents per pound.

(3) For air-dried powder for cannon the base price shall be 45½ cents per pound.

ART. VII. (a) The United States shall advance and pay to the contractor 13.35 cents per pound on the total estimated production of approximately 101,000,000 pounds of powder, such 13.35 cents being 30 per cent of 44½ cents, the estimated cost of each pound of such powder, and the further sum of 30 per cent of \$2,885,714, or \$865,714.20, being 30 per cent of the estimated cost of powder boxes estimated to have a capacity of 140 pounds each and estimated to cost approximately \$4 each. The total of such advancement will be \$14,349,214.20, to be made as follows:

On the execution and delivery of this agreement and the security in this paragraph mentioned.....	\$5,000,000.00
On Aug. 1, 1918.....	5,000,000.00
On Oct. 1, 1918.....	4,349,214.20

The contractor shall not be required to pay interest on the sums so advanced, and any interest that may be received by the contractor on the money advanced shall be credited to the Government as money advanced. The contractor shall deposit the sum so advanced in separate bank accounts and at all times keep said sums distinct and separate from its other funds. Said advances and the performance by the contractor of this agreement shall be secured by a surety bond in the penal sum of \$3,000,000 satisfactory to the contracting officer, and the promissory demand note of the contractor bearing 6 per cent interest from date for the sum of \$14,349,214.30 payable to the order of the Secretary of War of the United States.

(b) The United States shall promptly and without any delay whatsoever reimburse and pay to the contractor all items of expenditure enumerated in subdivision (a) of Article VI in or toward the performance of this agreement, as and when the contractor shall certify by its treasurer or assistant treasurer that such expenditure or expenditures have been so made, which payments shall be in addition to the advance payments mentioned in paragraph (a) of this article. Whenever 70 per cent of the total estimated cost of the production of said 101,000,000 pounds of powder and boxes therefor has been so paid to the contractor, in addition to the advance payment mentioned in subdivision (a) of this article, then no additional payments on account of the said expenditures of such labor, materials, and otherwise made by the contractor shall be made to the contractor by the United States until said advance payment of \$14,349,214.20 is expended, and the total of such expenditures so made by the contractor shall exceed the total estimated cost of such 101,000,000 pounds of powder and boxes therefor.

The United States shall promptly and without any delay whatsoever, reimburse and pay to contractor all such items of expenditure in excess of the total estimated cost of such 101,000,000 pounds of powder and boxes therefor as and when the contractor shall certify by its treasurer or assistant treasurer that such expenditure or expenditures have been so made.

(c) As soon after any lot of 50,000 pounds or more of powder has been accepted and delivered as it shall be possible and convenient for the contractor to determine the actual cost in the manner and as provided in subdivision (a) of Articles VI and (d) of this article, bills shall be presented by the contractor to and be promptly paid by the United States, in which bills the United States shall be charged with: (1) Two and three-quarters cents per pound for each pound of such powder, as fixed in subdivision (b) of Article VI hereof; and (2) one-half of the saving or difference, if any, between the "base price" of such powder per pound, determined in accordance with the provisions of subdivisions (c) and (d) of Article VI, and the "actual cost" per pound, as ascertained under subdivision (a) of said Article VI, where such "actual cost" is less than the "base price" so determined.

(d) The "actual cost" as defined in subdivision (a) of Article VI shall be determined for the total quantity of powder completed in each regular operating period of approximately one month separate from the remainder of the term of this contract. For the determination of "additional compensation" as defined in subdivision (c) of this article, the actual cost of powder manufactured in the first operating period shall be applied to the first lot of powder delivered and to subsequent lots in the order of the dates of delivery until such deliveries equal the quantity manufactured in such period, then the "actual cost" of the second period and subsequent periods shall be applied to subsequent deliveries both in order of their dates without regard to the actual date of manufacture of the powder actually delivered.

ART. VIII. The contractor shall (subject to the provisions of Article XVIII) operate the sections of the plant as and when severally completed until such time as the aggre-

gate operation of the completed sections shall be equal to the operation of one section for at least 31 consecutive months. It is estimated that the full capacity of each section will be approximately 3,250,000 pounds of powder per month, and that the operation of one section for 31 consecutive months will produce approximately 101,000,000 pounds of powder. Said estimate, however, shall not be considered as a limitation of the amount of powder to be produced. If there shall be produced more than 101,000,000 pounds, the contractor shall be paid for all powder and boxes therefor in excess of said amount upon the same terms and conditions as apply to said 101,000,000 pounds of powder and the boxes therefor.

In the case of water-dried powder the period of operation shall begin for each section when the first lot of 50,000 pounds or more of powder therefrom is packed. In the case of air-dried powder the period of operation shall begin for each section when the first lot of 50,000 pounds or more of powder therefrom is packed. In the case of air-dried powder the period of operation shall begin for each section when the first lot of 50,000 pounds or more of powder therefrom is placed in the dry house.

If, after operating the plant, or any part thereof, to an extent equivalent to the operation of one section for 31 consecutive months, the amount of powder produced shall be 101,000,000 pounds or more, then the contractor shall cease operating the plant, unless the United States shall exercise the option referred to in Article IX hereof. If, after so operating the plant, the amount of powder produced shall be less than 101,000,000 pounds, then the contractor shall continue to operate the plant until amount shall have been produced.

When the operation of the plant by the contractor shall cease, or upon termination or cancellation of this contract under Article XVIII, all obligations of the contractor incurred hereunder outstanding at the date of such cessation or termination, or which may thereafter arise or accrue, shall be assumed and paid by the United States, and the United States shall save harmless the contractor in respect of any and all liability whatsoever in connection therewith. At the option of the United States, the contractor shall assign or transfer to the United States or its nominee all contracts then outstanding entered into by the contractor hereunder.

Should this contract cease or be terminated after the manufacture of powder has begun the contractor shall be paid by the United States (in addition to reimbursement for all expenditure made to the date of such cessation or termination) the sums provided in subdivisions (b), (c), and (d) of Article VI hereof, for all finished powder produced to the date of such termination, and also for all other powder whether air or water dried, that is in process of drying or further stage of manufacture.

If there shall remain due the United States from the contractor any sum therefore advanced by the United States, after all reimbursements and payments outlined in this article have been made, such sums shall be promptly returned by the contractor to the United States.

ART. IX. When the plant, or any part thereof, shall have been operated to an extent equivalent to the operation of one section for at least 31 consecutive months, and 101,000,000 pounds or more of powder have been produced, the United States, upon notice to the contractor (given at least three months prior to the time when the plant will have been operated to such extent), shall have the option from time to time of requiring the contractor to continue to operate the plant for additional periods of at least three months each, upon the same terms and conditions as in this agreement provided.

Immediately after delivery of such notice to the contractor the United States shall advance and pay to the contractor a sum equal to 30 per cent of the estimated cost of powder and boxes to be manufactured by said contractor at said plant during such additional period. Said advance shall be secured by bond or other security satisfactory to contracting officer, and the obligation upon contractor to operate plant during such additional period shall be conditioned upon the receipt of such advance payment.

ART. X. Powder for cannon shall be manufactured in accordance with the provisions of Part II (Manufacture, Inspection, and Test) of Pamphlet No. 450, as last revised, entitled "Instructions to Bidders and Specifications Governing the Manufacture, Test, and Inspection of Smokeless Powder for Cannon." Said pamphlet is hereby made a part of this contract with like effect as if herein set out in full.

The contracting officer may from time to time make changes in the specifications governing the manufacture of smokeless powder provided he shall give the contractor due and timely notice of such changes. If such changes require a substantial amount of additional work, labor, or materials, a fair addition shall be made to the pertinent base price or prices specified in paragraph (d) of Article VI hereof, but if such changes involve a substantially smaller amount of work, labor, or materials a fair deduction shall be made therefrom, all as shall be determined by the contracting officer. No

claim for addition or deduction on account of any such change shall be made or allowed unless the same has been ordered in writing by the contracting officer.

The United States shall advise the contractor as to the granulations of powder to be manufactured, as follows:

(a) In the case of specifications under which the contractor has previously manufactured satisfactory powder, at least 60 days' notice shall be given prior to the manufacture of powder.

(b) In other cases ample notice and opportunity shall be given to enable the contractor to make a satisfactory granulation test before beginning manufacture.

ART. XI. The contractor shall keep complete records as to all expenditures made in or toward the performance of this agreement, all of which records shall at all times be open to inspection of the United States or its duly authorized representatives. The United States may examine all work as it progresses and shall audit all accounts, but in such manner as not to interfere with the contractor proceeding with the maintenance and operation of said plant in any manner and by means that in its judgment will best produce the desired results under this contract.

ART. XII. To facilitate prompt payments (and all payments shall be made as expeditiously and promptly as is possible) to the contractor, the United States shall detail disbursing officers at the plant and at the contractor's home office. Any payments by the United States shall be subject to correction for errors, if any.

ART. XIII. The title to all property of any kind, paid for by the United States, shall vest in the United States simultaneously with any payment on account thereof by the United States.

ART. XIV. As the manufactured powder is completed and submitted, the United States shall promptly test same and promptly accept or reject. The United States shall remove from plant site the finished powder as fast as it is accepted. Delivery of accepted powder shall be made as may from time to time be directed by the contracting officer, either f. o. b. cars at the point of manufacture or in storehouses provided therefor by the United States at a safe distance from said powder plant. All powder so delivered shall thereafter be in the custody of the United States.

ART. XV. The contractor may procure employer's liability and (or) public liability insurance and (or) the contractor may operate such plant under the provisions of the West Virginia workmen's compensation laws. The contractor shall be reimbursed for the amount of premiums, contributions, or expense incurred, and the same shall be charged to the cost of works accidents.

ART. XVI. The contractor is not required to place any fire or other insurance on this plant or any part thereof or in respect of any work or materials involved in this contract. The United States shall hold and save harmless the contractor from all loss by accident, fire, flood, explosion, or otherwise, arising or growing out of the performance of this contract.

ART. XVII. The United States agrees to indemnify the contractor against all damages or profits recovered from the contractor by judicial proceedings brought on account of or for infringement of any patent right granted by the United States, which may affect the processes used, or any special machinery or apparatus used in making the components or the powder or boxes; provided prompt notice of the bringing of such proceedings is given to the Chief of Ordnance of the United States Army, who shall be permitted to intervene in such proceedings and to defend the same or make settlement thereof as he may see fit, but without any liability whatsoever on the part of the contractor.

ART. XVIII. This contract may be determined and canceled by the United States at any time, because the need for the output of said plant has ceased to exist, or because the need for the output of said plant has ceased to exist, or because of the willful violation of this contract by the contractor.

ART. XIX. The contractor shall use its best efforts to procure all necessary permits and licenses, with the understanding, however, that the contractor is unable to procure such permits or licenses or any of them, the United States agrees to either procure the same or enable the Contractor to procure the same. The contractor shall obey and abide by all laws, regulations, ordinances, and other rules applying to such work of the United States and of the States or Territory wherein the work or any subdivision thereof is being done, or of any duly constituted public authority having jurisdiction in the premises, except that if the due and proper performance of this contract the contractor is required by the specific request of the contracting officer to perform any act prohibited by any such regulations, ordinance, and rules, the United States agrees to afford the contractor full and complete protection in the carrying out of such instructions.

ART. XX. In case the contractor is prevented from performing any work, or delivering any powder thereunder, by reason of causes beyond its control, or by reason of

inability to obtain essential materials to be used in the repair of the plant or in the manufacture of powder, or by reason of labor shortage or labor troubles, the contractor shall be excused from performing work or delivering powder while prevented from so doing by any one or more of the causes aforesaid, but this contract shall, as to the work materials, and powder affected thereby, but not otherwise, be suspended during the time such cause for delay is present, and all such work shall be performed and the powder delivered as soon as practicable after such disability is removed, all subject to the provisions of Article XVIII.

ART. XXI. This contract shall not, nor shall any right to receive payment or any other interest therein, be transferred or assigned by the contractor to any person, firm, or corporation without the written consent of the Secretary of War; provided, however, the contractor shall, unless otherwise directed by the contracting officer, insert in every contract hereafter made for work, increased facilities, labor, material, supplies, or otherwise relating to the performance of this contract, a provision that such contract may be assigned by the contractor.

ART. XXII. If any doubts or disputes shall arise as to the respective obligations of the parties under this contract, they shall be referred to the Chief of Ordnance for determination. If, however, the contractor shall feel aggrieved at any decision of the Chief of Ordnance upon such reference, he shall have the right to submit the same to the Secretary of War, whose decision shall be final.

ART. XXIII. No Member of or Delegate to Congress or Resident Commissioner is or shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom, but this article shall not apply to this contract, so far as it may be within the operation or exception of section 116 of the act of Congress approved March 4, 1909 (35 Stats., 1109).

ART. XXIV. No person or persons shall be employed in the performance of this contract who are undergoing sentences of imprisonment at hard labor which have been imposed by the courts of the several States, Territories, or municipalities having criminal jurisdiction.

ART. XXV. Any notice addressed to the contractor at Wilmington, Del., and either there delivered or deposited in a postpaid wrapper in the post-office box regularly maintained by the United States, shall be deemed to have been served upon the contractor. The address of the contractor may be changed at any time by notice in writing to the contracting officer. Nothing herein contained shall preclude service of notices upon the contractor by delivery thereof to any of its officers in person.

ART. XXVI. Whenever the term "contracting officer" is used in this contract the same shall be construed to mean his successor or successors in office, his duly authorized agent or agents, or anyone designated by the Chief of Ordnance from time to time to act as contracting officer; the term "Chief of Ordnance" shall be construed to mean the Acting Chief of Ordnance.

ART. XXVII. Neither the Secretary of War nor the United States shall in any demand payment to or negotiate or sell said note mentioned in subdivision (a) of Article VII of this agreement, unless for a period of 30 days the contractor shall have failed to return to the United States any sum due the United States from the Contractor as provided in the last paragraph of Article VIII of this agreement. Upon the accounting for said advance payments as in this agreement provided, said note and the bond mentioned in said subdivision (a) of Article VII shall forthwith be canceled and returned to the contractor.

In witness whereof the contractor has caused this contract to be duly executed by its proper officer and the United States has executed this contract by its contracting officer the day and year first above written.

HERCULES POWDER CO., Contractor,
By J. T. SKELLY, Vice President.
UNITED STATES OF AMERICA,
By SAMUEL MCROBERTS,

Colonel, Ordnance Department, National Army, Contracting Officer.

Attest:

GEO. MARKELL.
F. H. STOKES.

Approved (subject to letter of May 21, 1918, Hercules Powder Co., and letter of Secretary of War replying thereto):

NEWTON D. BAKER,
Secretary of War.

SHELL-LOADING PLANTS.

The CHAIRMAN. There have been four shell-loading plants built. Where are they located?

Col. HARRIS. One at Penniman, Va., another at Amatol, N. J., another at Mays Landing, N. J., and the fourth is at South Amboy, Morgan, N. J.

The CHAIRMAN. Each of these plants was estimated to cost how much money?

Col. HARRIS. The Atlantic Loading Co., Amatol, N. J., total estimated cost of plant, \$17,066,000; amount of expenditure to November 11, \$11,658,000; estimated expenditure necessary to meet obligations and to put plant in condition to prevent deterioration, \$4,308,000. Bethlehem Loading Co., Mays Landing, N. J., total estimated cost of plant, \$19,423,000, amount of expenditures November 11, \$8,760,400; estimated expenditure necessary to meet obligations and to prevent deterioration, \$7,777,900; duPont Engineering Co., Penniman, Va., estimated total cost \$14,567,000; amount of expenditures to November 11, \$8,260,268; estimated expenditures necessary to meet obligations and to prevent deterioration, to close down, \$4,796,732; T. A. Gillespie Loading Co., Morgan, N. J.; total estimated cost of original plant, \$17,687,000; amount of expenditures November 11, \$16,687,000; and estimated expenditures to meet obligations and to close, including storage, \$4,000,000.

The heavy cost at this plant includes clean up after fire, rebuilding a portion of offices, barracks, etc., and a large storage area. Those are the four large loading plants. There is one other plant, the California Loading Co.; total estimated cost of plant, \$2,151,000; amount of expenditures to November 11, \$1,476,000; further expenditure necessary for outstanding obligations and storage, \$575,000. That is for the loading of boosters and fuses, at Old Bridge, N. J.

The CHAIRMAN. These four large loading plants were capable of what capacity?

Col. HARRIS. They were built to load into shell an estimated amount of explosive of 40,000,000 pounds per month. That was the sum total in the beginning.

The CHAIRMAN. Of each?

Col. HARRIS. No; the total.

The CHAIRMAN. They were supposed to be about the same?

Col. HARRIS. Yes, sir.

The CHAIRMAN. I notice in each instance that you contemplate spending a million dollars or more in order to preserve these plants. That amounts to very nearly 10 per cent of the expenditure already made. Do you know who determined this amount?

Col. HARRIS. This amount was determined by the officer in charge of the loading operations, and his method of estimating was based on his knowledge that there were a lot of unpaid obligations and that it would be necessary to carry on the construction work for a while and also to close up buildings, shelter them from the weather, etc.

The CHAIRMAN. What I am interested in knowing is whether that million dollars additional is to pay debts or whether it is what you have stated it to be, to preserve existing investment?

Col. HARRIS. Principally to pay debts and to complete storage area.

The CHAIRMAN. Do you know whether any determination has been reached touching the expenditures to be made at these different plants?

Col. HARRIS. I do not know what action the claims board has taken to stop operations at these plants. I do know that the storage at the plants in each case is not entirely completed and that the work is progressing on that area because the storage area is very badly needed.

The CHAIRMAN. The claims board has nothing to do with determining the policy of spending additional moneys for the preservation of plants, has it?

Col. HARRIS. I would rather have Gen. Williams answer that question.

Gen. WILLIAMS. The claims board in recommending procedure in those cases would take into consideration what was necessary to protect the interests of the Government. We have had some cases where the frame of the building was put up and we put on the roof and did other things in order not to lose everything that had been done. All of the construction work outside of the storehouse facilities at these plants has been stopped. I do not think any work of that kind is going on.

The CHAIRMAN. What is to be done with the four plants?

ONE SHELL-LOADING PLANT TO BE RETAINED AS AN ARSENAL—
AMATOL, N. J.

Gen. WILLIAMS. One we want to keep as an arsenal, so as to always have the loading capacity.

The CHAIRMAN. Which one?

Gen. WILLIAMS. We have under consideration the one at Amatol.

Mr. MONDELL. Where is that?

Gen. WILLIAMS. In New Jersey.

Col. HARRIS. About half way between Atlantic City and Philadelphia, in the central part of New Jersey.

DISPOSITION OF SHELL-LOADING PLANTS.

Gen. WILLIAMS. The others will eventually be disposed of.

The CHAIRMAN. What is to be done with them in the meantime—you speak of using them for storage?

Gen. WILLIAMS. Each one of these plants will provide a very considerable storage capacity to take the ins and outs, the incoming raw material and the outgoing finished product, anywhere from 30 to 60 days, which means a very considerable number of storage places. For the amount of ammunition that we will have to take care of and the amount of raw material and the amount of components, etc., we will need every bit of this storage space we have everywhere and then probably some.

STATUS OF WORK AND OPERATION AT PLANTS.

The CHAIRMAN. Am I correct in understanding that there is no building now going on at any of these plants?

Gen. WILLIAMS. Except of the description that Col. Harris has spoken of; that is, in the case of buildings that we are going to make

use of, where the construction of the building had been started and carried fairly well along, we will complete it. As far as other work is concerned, that is not going on.

The CHAIRMAN. To what extent were these plants completed at the time that the construction work was stopped?

Col. HARRIS. The Gillespie plant at the time of the explosion had seven units in operation and was practically ready. The Penniman, Va., plant was practically completed at the time of the signing of the armistice. The Amatol, N. J., plant, I would roughly state, had 60 per cent of the units ready for operation and the others were 80 to 90 per cent completed. The Mays Landing plant was not so far along.

The CHAIRMAN. Are these buildings of temporary construction?

Col. HARRIS. Generally, yes, sir. They have brick walls to separate the operations from each other. They were fireproof to a certain extent. That is, they had some fireproofing material on the outside. Inside a great deal of wood was used in the uprights, etc.

The CHAIRMAN. Referring to the plant which blew up, do you figure on making any expenditure there?

Col. HARRIS. Of course they started to rebuild the plant, but as soon as the armistice was declared they stopped. The only construction from that time on was limited to storage buildings. As soon as the armistice was declared the storage problem immediately became extremely acute.

The CHAIRMAN. I understand, but are you building storage buildings from the ground up where this explosion occurred?

Col. HARRIS. On the foundations of the other buildings, and we built the storage buildings from materials contracted for previous to the signing of the armistice. In the case of a number of steel buildings, the contractors stopped with the understanding that they would put up the four they had in hand; so those four buildings are being put up.

The CHAIRMAN. Has anybody made an estimate as to the amount of storage space you have for ordnance materiel?

Gen. WILLIAMS. Our supply division has made an estimate of that, but I have not the figures here.

The CHAIRMAN. Have they estimated how much they have got?

Gen. WILLIAMS. They know how much they have got. They keep that tabulated all the time. They know just what they have and what they have in sight all the time. They have that tabulated all the time.

The CHAIRMAN. Is any effort going to be made to take the manufacturing part of these plants and convert it into storage capacity, disposing of the machinery and using the buildings in that way?

Gen. WILLIAMS. I do not know.

The CHAIRMAN. You were about to mention some small loading plants.

Gen. WILLIAMS. There is the Marlin-Rockwell plant—

The CHAIRMAN (interposing). You are speaking now of Government-owned plants?

Col. HARRIS. No, sir.

The CHAIRMAN. These four are the only Government-owned shell-loading plants?

RENT AND ACQUISITION OF LAND.

Col. HARRIS. Yes, sir; in certain of these the Government did not acquire the title to the land.

The CHAIRMAN. Where?

Col. HARRIS. At Penniman, Va., the land was the property of the Du Pont Co., and was obtained from them under lease.

The CHAIRMAN. What was the length of the lease?

Col. HARRIS. The lease of the Du Pont Penniman plant was for \$1 per month while the plant was operated at 25 per cent capacity or more, and \$600 per month when the operation was less than 25 per cent, this to run for 24 months, when it would be necessary to make a readjustment of the terms. The Government can turn it loose at any time. In the case of the other plants, there were varying conditions relating to the land. They were held mostly under lease and under conditions which provided that they could be bought.

The CHAIRMAN. The Du Pont people's lease had no provision with reference to buying?

Col. HARRIS. No, sir.

Col. SARGENT. I might say that my understanding is that the Office of the Secretary of War was instituting negotiations to take over the lands at all these loading plants, and I think Mr. Dorr has charge of this. I was at a meeting one time when the matter was taken up.

The CHAIRMAN. When do you mean—recently?

Col. SARGENT. About three or four months ago.

The CHAIRMAN. What became of it?

Col. SARGENT. I understood that they were still working on it and negotiating contracts so that they could take over the land. All of the contracts, I think contained a clause that the Government could take over the land, except the Penniman contract. Maj. Jeffries says that some of the land has been bought along those lines.

The CHAIRMAN. I wish you would place in the record a statement as to each of these four plants similar to the one as to the powder plants, touching the amount of money that has been put into leases or into the purchase of land, the amount of machinery, and the amount of new plants.

Col. HARRIS. I will do so. [See pp. 1003, 1012.]

PICRIC ACID PLANT, BRUNSWICK, GA.

The CHAIRMAN. Now, you have a picric acid plant at Brunswick, Ga. It was to cost how much?

Col. HARRIS. The total estimated cost was \$13,600,000. The expenditures to date amount to \$3,500,000. I have no estimate as to what it will cost to close it out.

The CHAIRMAN. That was a plant of how many units, and of what capacity?

Col. HARRIS. I will have to get that data for you. [See p. 998.] That was a picric acid plant for the manufacture of picric acid to be turned over to the French Government. I am not familiar with the capacity of that plant.

Col. SARGENT. It was to be 6,000,000 pounds per month.

The CHAIRMAN. That is, of the complete plant?

Col. SARGENT. Yes, sir.

The CHAIRMAN. Evidently you had gotten very little along toward completion?

Col. HARRIS. Yes, sir; that is correct.

Col. SARGENT. I think it was only started in July or August.

The CHAIRMAN. Was any part of it brought into production, or was it all just in an incomplete state?

Col. HARRIS. There was no production.

The CHAIRMAN. What will you do there?

Col. HARRIS. That plant was recommended to be salvaged.

The CHAIRMAN. I wish you would put in the record a statement showing what additional expenditure, if any, you will make at this plant.

Col. HARRIS. I will do so. [See p. 997.]

The CHAIRMAN. Do we own the land there?

Col. SARGENT. It is in course of purchase, but I do not think the title has been transferred as yet to the United States.

The CHAIRMAN. Put in a statement also showing the moneys that have been spent on account of land and what will have to be spent.

Col. SARGENT. I will do so.

The CHAIRMAN. Do you know whether any machinery has been received and installed there, or whether it is simply in process of manufacture?

Col. HARRIS. I would rather put in a statement of that. A portion of the machinery had been received.

The CHAIRMAN. State, also, what obligation there is to take all or any part of it.

NOTE BY COL. HARRIS.—The claims board are going over these obligations and will decide what machinery will have to be accepted. This data is not now available.

PICRIC ACID PLANT, LITTLE ROCK, ARK.—POLICY OF MAINTAINING A GOVERNMENT PLANT.

The CHAIRMAN. Now, you had at Little Rock, Ark., a picric acid plant, and it was to cost how much?

Col. HARRIS. \$7,400,000.

The CHAIRMAN. How much has been expended on it?

Col. HARRIS. \$3,700,000.

The CHAIRMAN. What do you propose to spend on it?

Col. HARRIS. The figure here is \$3,600,000.

The CHAIRMAN. Do you know why?

Col. HARRIS. I do not know why.

The CHAIRMAN. Do you know, General?

Gen. WILLIAMS. No, sir.

The CHAIRMAN. Colonel, in order that we may not have any misunderstanding about this Little Rock picric acid plant, suppose you state again what it was to have cost.

Col. HARRIS. It was estimated to cost \$7,400,000.

The CHAIRMAN. How much has been spent on it?

Col. HARRIS. \$3,700,000.

The CHAIRMAN. That would leave \$4,000,000 remaining, if it was to be carried out as originally contemplated or at the cost contemplated?

Col. HARRIS. Yes, sir.

The CHAIRMAN. How much of that \$4,000,000 are you expecting to have to spend?

Col. HARRIS. The figure here is \$3,600,000, but I think it must be \$2,600,000. The estimated expenditure is \$2,600,000 instead of \$3,600,000. By adding the sums total across the page, it appears that the figure must be \$2,600,000.

The CHAIRMAN. That is what you are going to spend?

Col. HARRIS. Yes, sir.

The CHAIRMAN. You have, then practically eliminated \$1,000,000 of this expenditure?

Col. HARRIS. Yes, sir.

The CHAIRMAN. What was the capacity of the plant to have been?

Col. HARRIS. I do not know.

Col. SARGENT. I think it was to have been 3,500,000 pounds per month. That is my recollection of it.

The CHAIRMAN. What is its capacity to be?

Col. HARRIS. The plant is about 50 per cent completed, or about 50 per cent of it is completed.

The CHAIRMAN. There will be more than 50 per cent of its capacity provided when you have spent this additional money on it. Now, General, why was it determined to continue this plant?

Gen. WILLIAMS. In order to have a place for the manufacture of that explosive.

The CHAIRMAN. Has any broad policy been determined on as to facilities which the Government would have of its own for the marking of the necessary ingredients in connection with ammunition and explosives?

Gen. WILLIAMS. None other than the conclusions that we ourselves have arrived at. If you mean whether we have been told to provide certain capacities, I would answer, no, sir. We have looked at the situation with the available plants and those that can be easily completed and made available with a reasonable expenditure of money, and have come to the conclusion as to what we think we ought to have.

The CHAIRMAN. Is this the only plant of this character that the Government expects to permanently have?

Gen. WILLIAMS. That is the only one for the manufacture of picric acid.

The CHAIRMAN. If I understand you right, what you propose to do is practically to complete this plant with a lessened capacity and permanently hold it as a picric acid plant, but not to operate it except in case of future war needs?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. Are you going to have a lot of this acid on hand?

Gen. WILLIAMS. What will be our stocks of picric acid, Colonel?

Col. HARRIS. The total production was 41,857,217 pounds. That was made for France and Italy. Of that amount France was to take 28,350,000 pounds and Italy was to take 5,500,000 pounds. We also make picric acid as a step in the manufacture of ammonium nitrate, which is an explosive used in seacoast armor-piercing shells.

The CHAIRMAN. Now, the purpose of my question is this, and you perhaps can tell me the story better than my question will induce it: To the layman's mind one of the considerations in connection with the maintenance of this plant for subsequent use in case of war

would be the capacity that might exist in the country otherwise for making it, either by privately-owned or Government owned plants, the quantities that you will have on hand that you will not be able to dispose of, and the quantities that you are likely to need.

Gen. WILLIAMS. We should have a plant to manufacture picric acid, and we recommended to Col. Harris the completion of the Little Rock plant.

The CHAIRMAN. Please state why you are going to maintain this policy.

Col. HARRIS. The policy governing the selection of this plant was to have one operating plant covering each of the more important explosives. There were several picric acid plants, but in view of the fact that this was farther along and could be placed in an approximately completed stage with the expenditure of a small amount of money, and as it was necessary, in my opinion, that the Government should have a plant capable of manufacturing picric acid, the Little Rock plant should be retained as a permanent arsenal.

The CHAIRMAN. Your idea is simply to make provision for the proper care of the plant, as a closed plant, until need should come for its operation. Are you expecting to operate it at all during peace time?

Col. HARRIS. Not except on an experimental stage and a laboratory stage.

The CHAIRMAN. Had you done any manufacturing at this plant?

Col. HARRIS. No production.

The CHAIRMAN. Are you undertaking to get any production out of it to ascertain whether your processes are proper?

Col. HARRIS. The process is standardized. Some of the units will be operated to determine whether the mechanical features are satisfactory.

The CHAIRMAN. Where have we been getting this acid?

Col. HARRIS. From private manufacturers.

The CHAIRMAN. Is the commercial capacity of the country considerable?

Col. HARRIS. The total production of the country from the beginning of the war was 41,000,000 pounds, and we needed more than 200,000,000 pounds for the French Government.

The CHAIRMAN. And how about our use of it?

Col. HARRIS. We do not use it, except a small amount for the manufacture of ammonium picrate.

The CHAIRMAN. If we do not use it, why are we concerned in having a plant to make it?

Col. HARRIS. As I stated a moment ago, it requires a different raw material. In my opinion, we should hold onto a plant which will make picric acid, because if the T. N. T. production is not sufficient we would have to go to picric acid.

Mr. MONDELL. In determining on the permanent use of this plant for the manufacture of picric acids, did you take into consideration the availability of the necessary raw material in that locality compared with other localities?

Col. HARRIS. No, sir, we did not; because that had been determined when the plant was originally located.

Mr. MONDELL. I did not ask that question, but I had that in mind, whether the question of raw material and its availability was taken

into consideration when the plant was located, and whether that was taken into consideration in continuing the plant as a permanent plant.

Col. HARRIS. In the beginning it was undoubtedly the desire to get away from the congested area of labor in the East, and while it is not an ideal place it is a satisfactory place for raw material, but at this time that was not taken into consideration.

Mr. MONDELL. Are there large quantities of coal and coal tar—the locality needed in the manufacture of picric acid?

Col. HARRIS. Large quantities, but not as large as in the Allegheny coal field. Picric acid is water from benzol, one of the derivatives of coal.

Gen. WILLIAMS. They get it from cracking oil also?

Col. HARRIS. Yes, sir; as well as toluol.

ADDITIONAL PICRIC ACID PLANTS.

The CHAIRMAN. What other picric acid plants were in process of construction in America?

Col. HARRIS. Brunswick, Ga., one at Naigara Falls, one at Grand Rapids, Mich., and one at Little Rock. The Brunswick plant got a certain distance. The other two which I have mentioned there was practically no progress made, and the Little Rock plant has been about 50 per cent completed.

Gen. WILLIAMS. What is the Racine plant?

Col. HARRIS. T. N. T.

Mr. CANNON. You have given us a half dozen private plants which were making picric acid for France or Italy. You do not anticipate that they will keep on making it, and you do not anticipate to operate the plant? It seems to me that if it is being produced commercially and another war is distant, that we had better salvage it.

Gen. WILLIAMS. In spite of all of the commercial production, when the war broke out we had to very materially increase the production. What was the normal output of the country and what is the commercial consumption?

Col. HARRIS. It is very small. It is only used in the dye industry.

The CHAIRMAN. What does it cost to make a pound?

Col. HARRIS. Fifty-four cents is the average figure.

The CHAIRMAN. There were, you say, four Government plants either under way or in contemplation and that two of them practically had not gotten started.

Col. HARRIS. Yes, sir.

The CHAIRMAN. They are not to be completed?

Col. HARRIS. No, sir.

The CHAIRMAN. The one in Georgia is to be salvaged?

Col. HARRIS. Yes, sir.

The CHAIRMAN. And the one at Little Rock is to be kept at what will amount to about two-thirds of its normal capacity?

Col. HARRIS. The recommendation is to keep the line wherever it could be drawn without any loss of money, about one-half the plant.

The CHAIRMAN. You are recommending that we spend money in the sense of spending money, but you are simply saving money and because

the status that the plant was in at the time the armistice was signed?

Col. HARRIS. That is correct.

Mr. CANNON. There are different units in this plant?

Col. HARRIS. Yes, sir.

Mr. CANNON. You have enough units completed so that you can produce picric acid without any further construction?

Col. HARRIS. Yes, sir.

Mr. CANNON. That is what you propose to do?

Col. HARRIS. Yes, sir.

GRAND RAPIDS, MICH., PICRIC ACID PLANT.

The CHAIRMAN. There was a plant to be built at Grand Rapids. What expenditure has been made there?

Col. HARRIS. \$900,000.

The CHAIRMAN. What is contemplated?

Col. HARRIS. \$9,000,000.

The CHAIRMAN. That is what was originally contemplated; what is contemplated now?

Col. HARRIS. \$4,200,000 to cover obligations and to clean up the expenses. That is an estimated figure. We would have to go to the books to see what the obligations are.

Mr. MONDELL. What does that plant manufacture?

Col. HARRIS. Picric acid, the plant at Grand Rapids, Mich.

The CHAIRMAN. You do not contemplate any such expenditure as that there, do you?

Col. HARRIS. That is the estimate. I do not see how it can be, myself. It is the figure estimated by the man in charge of the plant.

The CHAIRMAN. In order that we may get this condensed, suppose you put into the record a statement as to just the amount of moneys you are going to have to expend or are going to spend at these various picric acid plants and why the expenditure, and if in any instance the expenditure is made as a result of volition state the reason for it, and if it has to be made because of obligations incurred, then tell us the character of the obligations which require the expenditure to be made.

Col. HARRIS. Yes, sir. [See p. 997, 998, 1012.]

Mr. MONDELL. My understanding is that picric acid is obtained very largely from the by-product process of coking coal, the solvay process, and others, and through that process they get coal tar and ammonia and nitrates and material used mainly in the manufacture of picric acid?

Col. HARRIS. And T. N. T.

SELECTION OF THE LOCATION OF PICRIC ACID PLANTS.

Mr. MONDELL. And that being true, how happens it that they built picric acid plants as far away from the coking region as they could well get, up in Michigan, where there is no coking coal and out in Arkansas where there is some coal, but none of which cokes? How did it happen that the plants were built so far away from the base of material rather than down in Kentucky or West Virginia

or western Maryland or Pennsylvania, where the raw material is obtainable? Do you happen to know?

Col. HARRIS. No; except certain agencies of the Government pass on them and approve or disapprove every site. For instance, the War Industries Board can bar you out of a certain location absolutely. Moreover acid supply must be considered as well as coal by-products.

Mr. MONDELL. I can readily understand how a plant of this kind might be established in Kentucky or Tennessee or Maryland, anywhere in the bituminous coal region where coke is produced or the by-product processes are in operation.

BAG LOADING PLANTS—DISPOSITION OF.

The CHAIRMAN. You had three bag loading plants; where were they established?

Col HARRIS. Seven Pines, Va., Tullytown, and Woodbury, N. J. The Woodbury estimated cost of plant was \$5,256,000, amount expended to date, \$5,256,000; expenditure necessary, none.

(See p. 1010.)

WOODBURY, N. J., PLANT.

The CHAIRMAN. What is going to be done with that plant?

Col. HARRIS. That is on leased ground and is recommended to be salvaged.

The CHAIRMAN. It is a finished plant?

Col. HARRIS. Yes, sir.

The CHAIRMAN. What is the character of a bag-loading plant?

Col. HARRIS. To put smokeless powder into charges for separate loading.

The CHAIRMAN. What does it consist of?

Col. HARRIS. It is composed of a number of units. They take the powder and put it in bag form, weigh it, and seal it in air-tight containers.

The CHAIRMAN. It is not a manufacturing plant?

Col. HARRIS. It is an assembling plant.

The CHAIRMAN. Is it not available as a storage plant?

Col. HARRIS. Yes, sir; has large storage space.

The CHAIRMAN. Why salvage it?

Col. HARRIS. Every one of these plants recommended for salvage has the same storage area which will be utilized for some months in every case. One was recommended to be kept and the others recommended to be salvaged.

The CHAIRMAN. It develops that you are finishing storage areas elsewhere because of the shortage of storage and here is a finished plant, it seems to me, which might be permanently use for storage rather than finishing other storage spaces.

Col. HARRIS. The storage spaces at that plant are full right now.

The CHAIRMAN. But that plant could all be used for storage purposes; any plant of that character?

Col. HARRIS. Yes, it could be used. It wouldn't be very efficient on account of the waste, but we are going to have to use those buildings for storage.

CHAIRMAN. Suppose you take the next plant.

TULLYTOWN, N. J., PLANT.

Col. HARRIS. Tullytown plant, total estimated cost of plant, 6,808,000, amount expended to date, \$6,758,000, estimated expenditure, \$50,000, and the reason is, to complete the storage area, this plant has been recommended by an officers' board to be kept as a bag-loading arsenal. The land was leased under conditions favorable to purchase.

Seven Pines bag-loading plant, Seven Pines, Richmond, Va., total estimated cost \$7,760,000, the total expenditures were \$7,660,000 and \$100,000 necessary to complete the storage area.

The CHAIRMAN. What is to be done with it?

Col. HARRIS. It is on Government-owned land, but it is recommended to be held for storage and ultimately disposed of.

The CHAIRMAN. Well, why is it that you are proposing to buy land or one of these plants that you are going to maintain as a Government plant and are going to salvage a plant which is already on Government-owned land?

Col. HARRIS. In the first place we consider the Tullytown layout much better, and in the next place the bag-loading plant should be adjacent to the shell-loading plant for purposes of transportation and assembly and getting the finished rounds together.

The Penniman shell-loading plant, which is near the Seven Pines bag-loading plant, is on land which is tied up so it could not be acquired, while the Amatol, N. J., shell-loading plant is on land that could be acquired, consequently the bag-loading plant at Tullytown was suggested as the bag-loading plant in preference to Seven Pines.

The CHAIRMAN. What became of the Government's policy to no longer place arsenals as permanent governmental institutions east of the Alleghenies and along the seacoast where they were subject to attack and destruction?

Col. HARRIS. These plants already exist.

Gen. WILLIAMS. These are all east of the Alleghenies and all exist, and now it is a question of which would be better from a standpoint of location.

The CHAIRMAN. That policy wasn't considered a factor when these plants were located, but the emergency of the war required it?

Col. HARRIS. These plants in the emergency were placed near the seaboard.

The CHAIRMAN. Colonel, suppose you place in the record a statement as to each of these bag-loading plants, as to money represented in building and machinery and plant, and in regard to the one you propose permanently to maintain, and what the land is going to cost. I believe you said the contract provided for the purchase of the land.

Col. HARRIS. No, sir; the land was leased under terms which would allow it to be purchased.

PERRYVILLE, MD., NITRATE PLANT.

The CHAIRMAN. You have at Perryville, in Maryland, a nitrate plant?

Col. HARRIS. Ammonium nitrate plant.

The CHAIRMAN. What has been the investment there?

Col. HARRIS. Total estimated cost, \$14,000,000; expenditure to date, \$12,000,000; estimated required to meet obligations and lay up the plant, \$2,000,000.

The CHAIRMAN. You will have a plant then complete according to the original project?

Col. HARRIS. Yes, sir.

The CHAIRMAN. What is its capacity to be?

Col. HARRIS. Six hundred thousand pounds of ammonium nitrate per day.

The CHAIRMAN. Has it ever manufactured at all?

Col. HARRIS. It has. Ten million pounds were manufactured at Perryville, the plant was just coming into production; 10,000,000 pounds were manufactured.

The CHAIRMAN. It is proposed to keep this plant?

Col. HARRIS. Yes, sir; but not operate it.

The CHAIRMAN. Well, I presume some thought has been given as to the maintenance cost which there is going to be in connection with these plants that lie idle.

Col. HARRIS. Yes, sir; considerable thought has been given to it but there are reasons in each case, and in this particular case I know the reasons very fully. This process is a process developed in England under the war emergency and after every other process had been pushed to its limit, and was brought over to this country at the beginning of the war, was successfully put into operation, and turned out at its rated capacity of ammonium nitrate, which has been additional to any ammonium nitrate capacity in this country. In addition to the fact that it is a new process and the buildings of permanent nature, it is a process that is eminently satisfactory, and it is deemed best at this time to hold the plant.

The CHAIRMAN. How does it compare in cost?

Col. HARRIS. Very favorably, although in peace times the cost can not compete with the peace time cost of ammonium nitrate, because they will use waste acids which are available and during a tremendous production of explosives were used for other purposes during war. It compares very reasonably.

The CHAIRMAN. If I understand you, inasmuch as your buildings are of a permanent character and you have a method of manufacturing different from, and, presumably, requiring different raw materials, from other processes for making nitrates, it was thought worth while considerably as an insurance against shortage to maintain this plant for any future war needs?

Col. HARRIS. This process does not use acids. Every other process uses acids and acid is one of the ingredients on which is the greatest drain in time of war for explosives.

The CHAIRMAN. How came you to build permanent buildings?

Col. HARRIS. Well, with this process, wooden buildings would make a great fire risk and an air conditioning apparatus is required, and the machinery is of a very heavy nature and the weight of material involved is considerable and so that all those things tended to influence the type of construction.

The CHAIRMAN. Is the plant of any value for any other purpose?

Col. HARRIS. I think it could be well adapted to other chemical manufactures. The buildings are of standard design and good size and could be easily adapted, I think, to other manufactures.

Mr. MONDELL. Could you use those very handsome cottages there for any purpose while the plant is laid up?

Col. HARRIS. There have been various things suggested such as housing the proving grounds force there. We have a proving ground at Aberdeen, a few miles away, and likewise a gas plant at Edgewood and there has been some consideration given to using those buildings to house the employees at other plants.

The CHAIRMAN. You have practically completed this plant, from your financial statement?

Col. HARRIS. Yes, sir; that plant is completed.

The CHAIRMAN. Is it actually completed?

Col. HARRIS. Yes, sir; to all intents and purposes, actually completed.

The CHAIRMAN. So that while there may be moneys still to be paid out on it, the actual work is done?

Col. HARRIS. Yes, sir. Those will be obligations of putting the machinery in proper condition.

The CHAIRMAN. I wish you would put into the record a statement as to the cost of lands and buildings and equipment. How many employees does this plant use?

Col. HARRIS. I think about 300.

The CHAIRMAN. Are houses for the employees included in the plant?

Col. HARRIS. In the cost; yes, sir. The general rule was, the houses were included in the cost, but I will verify that. (See p. 997.)

The CHAIRMAN. And the housing has been done?

Col. HARRIS. Yes, sir.

The CHAIRMAN. Is it a permanent structure?

Col. HARRIS. The ordinary building construction, but wooden houses, steam heated, from a central heating plant.

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, January 14, 1919.

HON. SWAGER SHERLEY,
Chairman House Appropriations Committee:

DEAR Mr. SHERLEY: There is submitted herewith as per your verbal request, a financial statement regarding ordnance plants and plant facilities:

Estimated cost ordnance plants, including nitrogen fixation plants and Hercules Powder Plant, Nitro, W. Va.	\$852,750,462.00
Disbursed through Ordnance Cost Accounting Section (not including nitrogen fixation plants)	216,097,423.35
Disbursed through Ordnance Cost Accounting Section on nitrogen fixation plants	72,468,258.00
Disbursed by Nitrogen Fixation Division	32,581,742.00
Disbursed and obligated on Hercules Powder Plant, Nitro, W. Va. (not through Ordnance Cost Accounting Section)	66,275,000.00
Disbursed and obligated by Construction Division (transferred from Ordnance funds to Construction Division)	31,350,000.00

Total disbursements by Ordnance Department on account of ordnance plants and plant facilities	418,722,423.35
Due to contractors (Cost Accounting Section Records)	88,709,806.46
Obligations outstanding (Cost Accounting Section Records)	112,067,871.86

Respectfully,

C. C. WILLIAMS,
Major General, Chief of Ordnance, United States Army.

Explosives and loading division, explosives section, materials summary, Jan. 1, 1919.

[It should be carefully noted that all figures on settlements and a considerable portion of the other figures given herein are estimates, which are made under conditions that prevent them being more than approximately correct.]

Item.	Unit.	Total contracts.		Undelivered balances on outstanding contracts as of Nov. 11, 1918.		Probable cancellations.	
		Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
1	2	3	4	5	6	7	8
Smokeless powder—cannon.	Pounds.	709,014,360	\$358,170,890	602,217,341	\$273,819,428	454,585,000	\$102,280,875
Smokeless powder—small arms.	do.	61,631,240	38,077,845	37,802,107	21,072,247	29,220,802	13,008,799
Black powder.	do.	17,741,129	10,263,370	8,060,200	12,073,432	6,401,000	1,286,736
Pyro cotton.	do.	56,181,129	8,553,397	31,703,540	11,274,479	23,772,044	6,949,286
Containers, pyro and cotton.	Each.	37,687,246	8,553,397	269,053,000	92,527,107	254,280,000	1,800,000
T. N. A.	Pounds.	37,575,000	148,912,000	312,720,000	38,484,000	276,000,000	72,807,000
Ammonium nitrate.	do.	397,094,000	70,000,000	216,140,000	115,900,000	213,520,000	97,500,000
Picric acid.	do.	255,395,217	137,700,000	11,200,000	9,495,000	41,440,000	5,080,000
Ammonium picrate.	do.	50,428,000	14,700,000	42,990,000	3,325,000	3,160,000	2,438,400
Nitro starch.	do.	4,501,000	4,268,000	3,446,000	1,072,000	1,000,000	1,072,000
T. N. A.	do.	1,015,408	1,397,000	1,000,000	238,000	65,000	154,000
Mercury fulminate.	do.	418,017	1,345,000	75,000		682,500	183,126
Box repair plant.	Boxes.					683,794	69,649
Absorbent oil.	Gallons.					2,571,574	500,000
Toluol purchase orders.	do.						1,500,000
Toluol plant operation.	do.						230,000
Toluol refining operation.	do.						1,500,000
Toluol new coke ovens.	do.						7,500,000
Ammonium new coke ovens.	Pounds.						8,600,000
Ammonium sulphate.	Tons.						1,000
Folder oil.	Gallons.						327,264
Alcohol.	Pounds.						447,000
Ammonia.	Gallons.						995,000
Benzol.	do.						800,240
Caustic soda.	Gallons.						20,000
Caustic lime.	Tons.						3,382,000
Cotton linters, bleached.	Each.						800,000,000
Cotton linters, raw.	Pounds.						191,000
Nitric acid.	Tons.						3,700,000
Mixed acid.	do.						14,200,000
Phenol.	do.						34,400

Ammonium chloride.....	To balance.....	100,465,399	1,639,000	411,387
Total.....		916,470,430		441,862,590

Item.	Unit.	Estimated production to cessation of manufacture.		Modified 4874 loading program.	Supplied demand other than Army ordnance.	Surplus.
		Quantity.	Value.			
1	2	9	10	11	12	13
Smokeless powder, cannon.....	Pounds.....	314,429,360	\$195,880,985	131,420,557	49,798,176	133,250,627
Smokeless powder, small arms.....	do.....	32,630,538	23,071,549	20,372,515	None.	12,286,023
Black powder.....	do.....	11,339,129	3,148,920	5,150,727	None.	6,188,402
Pyro cotton.....	do.....	* 32,906,326	* 12,273,017	21,813,284	None.	11,086,042
Containers, pyro and cotton.....	Each.....	1,453,248	6,864,477	1,191,670	None.	261,578
T. N. T.....	Pounds.....	118,290,000	* 76,006,000	52,117,854	6,346,000	59,826,146
Ammonium nitrate.....	do.....	121,016,000	42,989,800	24,881,488	6,000,000	90,134,512
Picric acid.....	do.....	41,858,217	9,638,400	None.	37,397,453	4,460,754
Ammonium picrate.....	do.....	8,780,000	* 4,032,000	11,288,464	None.	1,989,516
Nitro starch.....	do.....	1,341,000	1,899,600	6,267,736	None.	2,512,264
Tetryl.....	do.....	18,008	325,000	538,631	None.	787,369
T. N. A.....	do.....	353,017	1,189,000	20,743	None.	332,274
Mercury fulminate.....	Boxes.....	(*)	None.	(*)	(*)	(*)
Box repair plant.....	Gallons.....	(*)	3,857,211	(*)	(*)	(*)
Absorbent oil.....	do.....	(*)	1,000,000	(*)	(*)	(*)
Toluol purchase orders.....	do.....	(*)	1,150,000	(*)	(*)	(*)
Toluol plant operation.....	do.....	(*)	9,126,000	(*)	(*)	(*)
Toluol reamurk operation.....	do.....	(*)	9,769,485	(*)	(*)	(*)
Toluol new coal.....	Pounds.....	(*)	8,402,000	(*)	(*)	(*)
Ammonium sulphate.....	Gallons.....	(*)	328,000	(*)	(*)	(*)
Holder oil.....	Pounds.....	(*)	100,000	(*)	(*)	(*)
Alcohol.....	Gallons.....	(*)	300,000	(*)	(*)	(*)
Ammonia.....	do.....	(*)	(*)	(*)	(*)	(*)
Benzol.....	Gallons.....	(*)	(*)	(*)	(*)	(*)

1 Value of raw materials consumed included with finished products. Additional under estimated production covers surplus stocks and cancellation claims. To balance.

There is included herewith values of materials canceled (see column No. 8).

* Corrected for an increased production of 2,313,528 pounds pyro cotton over recommended cancellations.

† Excluding \$540,000 advanced O'Bannon Corporation, for plant at Phillipsdale, R. I., and recorded under plants.

‡ Excluding \$7,068,000 advanced O'Bannon Corporation, for plant at Barksdale, Wis., and Hercules, Cal., recorded under plants.

§ Excluding \$800,000 advanced the Penn Trojan Powder Co. for plant at Allentown, Pa., recorded under plants.

¶ Value of material settlements added to balance against gross production. The total cost and settlements for all materials.

Explosives and loading division, explosives section, materials summary, Jan. 1, 1919—Continued.

Item.	Unit.	Estimated production to cessation of manufacture.		Modified 48/74 loading program.	Supplied demanded other than Army ordnance.	Surplus.
		Quantity.	Value.			
1	2	9	10	11	12	13
Caustic soda.....	Tons.....	(1)	\$815,500	(*)		
Drums.....	Each.....	(1)	51,000			
Cotton linters, bleached.....	Pounds.....	(1)	451,072	(*)		
Cotton linters, raw.....	do.....	(1)	8,400,000			
Nitric acid.....	Tons.....	(1)	1,378,730			
Mixed acid.....	do.....	(1)	438,748			
Phenol.....	do.....	(1)	15,120,467	(*)		
Sulphuric acid.....	do.....	(1)	989,979			
Ammonium chloride.....	Pounds.....	(1)	312,500			
Total.....			474,607,840			

Note.—Nitrate of soda not included, as purchases have all been handled by special nitrate of soda board, there will probably be a surplus of 820,000 tons.

1 Value of material settlements added to balance against gross production. The total cost and settlements for all materials.

2 Including loss of \$115,500 on 1,650 tons caustic soda in ordnance stocks.

3 Including loss of \$290,072 on 2,242,000 pounds bleached cotton linters in ordnance stocks.

4 Including loss of \$10,380,467 on 30,490,000 pounds of phenol in ordnance stocks.

Explosives and loading division, explosives section, Government-owned plants, Jan. 1, 1919.

[Key: Land status, P=purchased; L=leased, no privilege to purchase; L.P.=leased with privilege to purchase; C=owned by contractor or interests other than Government with no privilege to purchase; D=land under condemnation.]

Location.	Product.	Estimated cost.				Estimated expenditures.					
		Land.		Buildings.	Equip- ment.	Housing.	Total.	To Nov. 11 (armistice).	Subsequent to Nov. 11 for liquidation of obli- gations and lay-up expense.	Subsequent to Nov. 11 for other purposes.	
		Acreage.	Cost.							Amount.	Pur- pose.
1	2	3	4	5	6	7	8	9	10	11	12*
Nitro. W. Va.	Smokeless powder.	1,810.93	509,400	21,240,000	31,690,000	12,835,600	66,275,000	56,509,400	9,763,600		
Nashville, Tenn.	do.	5,539.0	579,765	(3)	73,420,235	16,000,000	90,000,000	83,600,000	6,500,000		
Plants at 31 various gas works throughout country.	Toluol.	430.0	(1)	750,000	6,845,000		7,595,000	5,400,000	1,500,000		
Oil cracking plants, Los Angeles and San Francisco.	do.	47	\$ 10,850	500,000	4,500,000		5,000,000	2,300,000	300,000		
Coke oven, Cleveland, Ohio.	Toluol and NH ₃ .	64	\$ 100	250,000	2,350,000		\$ 2,600,000	150,000	50,000		
Coke oven, Birmingham, Ala.	do.	240	61,520	250,000	2,250,000		2,500,000	500,000	100,000		
Coke oven, Fairmont, W. Va.	do.	(12)	60,000	270,000	2,430,000		2,700,000	400,000	100,000		
Coke oven, Buffalo, N. Y.	do.	(13)	10,000	500,000	5,500,000		6,000,000	600,000	200,000		
Coking plant, Clinchfield, W. Va.	do.	(13)	200,000	200,000	1,800,000		2,000,000	200,000	100,000		
Mount Union, Pa.	Sulphuric acid.	10 20.02	(17)				1,500,000	140,700	350,000		
Emporium, Pa.	Sulphuric acid.	100 acres.	(11)	Included in total cost.			3,000,000	56,500	485,300		
3 zinc acid plants.	Acid.	532	161,500	3,045,445	7,301,470	3,491,585	1,633,000	621,853	811,147		
Perryville, Md.	Ammonium ni- trate.						14,000,000	12,000,000	2,000,000		
Giant, Cal.	T. N. T.	(19)	\$ 1.00	750,000	2,380,000	370,000	3,500,000	250,000	500,000		
Racine, Wis.	do.	1,940	408,091	1,815,509	6,670,800	2,223,600	11,118,000	1,000,000	1,000,000		
Perryville, Md.	do.	300	\$ 3.00	1,475,000	4,425,000	1,697,000	7,600,000	(18)	100,000		
Little Rock, Ark.	Picric acid.	1,134	190,000	1,932,500	4,997,500	350,000	7,400,000	3,700,000	2,600,000		
Grand Rapids, Mich.	do.	1,380	155,280	3,161,000	5,483,720	200,000	9,000,000	900,000	4,200,000		
Niagara Falls.	do.	(2)	13,600	105,000	245,000	(18)	350,000	270,000	80,000		
Brunswick, Ga.	do.	\$ 1,446	75,000	3,025,000	8,950,000	1,550,000	15,600,000	3,500,000	5,500,000		
Senter, Mich.	Tetryl.	5	\$ 1.00	189,375	610,625	(18)	800,000	125,000	125,000		
Total.			2,012,036	39,458,829	177,982,350	38,717,785	258,171,000	172,123,453	36,367,047		

* Hooker plant.

None.

Per annum.

Within giant plant.

Nominal.

Approximate.

Not available.

Per annum.

Approximate.

Not available.

Per annum.

Approximate.

Not available.

Per annum.

prevent them being more than approximately correct. Statement does not include preliminary expense of \$52,380 for proposed smokeless powder plant at Louisville, Ky., now abandoned.

Expenditures are actually to nearest available date to Nov. 11, 1918.

- 11 520,000
- 1 Not available.
- 1 Per annum.
- 6 Gallons.
- 11 Pounds NH₃.
- 11 None.

11 Both practically.

1 While land is given as purchased by Government title is largely in hands of the Du Pont Engineering Co., who hold 1,372.93 acres, for which they paid \$379,400. The titles to this land are in such shape the United States Government has not yet been able to purchase it from the Du Pont Engineering Co. Title for an additional 17 acres is in the name of Crouch, and is in litigation; in the meantime this land is being used by the United States, and is figured at \$3,000. The acreage actually transferred to the Government to date is 421 acres, at a cost of \$127,000.

1 It is not possible at this time to subdivide the value of buildings and equipment, hence the cost of buildings and equipment are combined in the \$73,420,235. Subdivisions between buildings and equipment made on other plants are largely approximate.

1 The Lawrence tract of 333 acres and the Lomaldson tract of 500 acres, with a total value of \$101,050, although title is in the United States Government, has not been paid for, but the value is included in the land cost.

1 The aggregate acreage of the 31 gas-stripping plants is approximately 30 acres.

1 These gas-stripping plants are located on the gas company's properties, and usually occupied less than 1 acre at most plants.

1 Figure given is the rated capacity of all plants covered by "Estimated cost;" rated capacity of the plants in actual operation in month of best production, October, 1918, was 290,000 gallons.

1 Government was to advance \$1,500,000, estimated to be 38 per cent value of complete plant.

1 No cancellation clause; saving is dependent on settlement by claims board.

1 Repayment of total guaranteed to be returned to Government.

1 Housing to be provided by contractor.

1 1,490 acres purchased, 450 acres to be condemned.

1 Located within ammonium nitrate area, 300 acres to be rented.

1 400 acres donated by Little Rock, 734 acres purchased.

1 1,390 acres purchased, 4 tracts to be condemned.

Explosives and Loading Division, Explosives Section—Government-financed plants, Jan. 1, 1919.

, land status: P=purchased; L=leased, no privilege to purchase; L.P.=leased with privilege to purchase; C=owned by contractor or interests other than Government, with no privilege to purchase; D=land under condemnation.]

Location.	Product.	Estimated cost.						Estimated expenditures. ¹						
		Land.		Acreage.	Cost.	Buildings.	Equip-ment.	Housing.	Total.	To Nov. 11 (armis-tices).	Subse-quent to Nov. 11 for liqui-dation of obligations and layup expense.	Subsequent to Nov. 11 for other purposes.		Total.
												Amount.	Purpose.	
1	2	3	4	5	6	7	8	9	10	11	12	13		
Carrollville, Wis.	Phenol.....	8.8.	\$1 per annum	\$200,000	\$1,345,950		\$1,545,950	\$1,545,950				\$1,545,950		
Philadelphia, Pa.	do.....	Not available.	Nominal.	150,000	915,171		1,065,171	1,065,171				1,065,171		
Phillipsdale, R. I.	Pyro cotton.....	do.	(2).....	(^a)	(^a)		540,000	540,000				540,000		
Boundbrook, N. J.	T. N. T.	Within calco	No cost.....	1,000,000	2,800,000	\$200,000	4,000,000	3,500,000	\$500,000			4,000,000		
		plant.												
Barksdale, Wis.	do.....	Within plant....	None.....	576,000	2,304,000		2,880,000	2,411,208	468,792			2,880,000		
Hercules, Cal.	do.....	do.....	do.....	1,121,750	3,365,250	200,000	4,687,000	4,687,000				4,687,000		
Allentown, Pa.	Nitrostarch....	do.....	do.....	225,000	675,000		960,000	9,000	891,000			900,000		
Total.....				3,272,750	11,946,371	400,000	15,618,121	13,758,329	1,859,792			15,618,121		

Location.	Net saving.	Land status (see key).	Percentage of employees housing facilities will secure commo-data.	Production.			Construction status.				
				Rated production per month (pounds).	Best month production prior to armistice (pounds).	Total production to armistice (pounds).	Construction began.	Operations began.	Number of units complete plant.	Number of units complete to armistice.	Percentage complete to total project.
1	14	15	16	17	18	19	20	21	22	23	24
Carrollsville, Wis.....		LP.....		3,600,000	(*)		May, 1918.....	November, 1918.....			98
Philadelphia, Pa.....		C.....		2,000,000			June, 1918.....	(*)			95
Phillipsdale, R. I.....		C.....		1,400,000	1,379,700	5,475,427	April, 1918.....	May, 1918.....	6	6	100
Boundbrook, N. J.....		C.....	15	250,000	600	600	January, 1918.....	December, 1918.....	1		96
Barksdale, Wis.....		C.....		2,000,000	2,300,000	8,938,000	February, 1918.....	June, 1918.....	4	4	100
Hercules, Cal.....		C.....		3,500,000	1,984,000	4,690,000	March, 1918.....	July, 1918.....	7	7	100
Allentown, Pa.....		C.....		4,000,000	(*)	360,000	August, 1918.....	November, 1918.....	4	4	100
Total.....											

* Expenditures are actually to nearest available date to Nov. 11, 1918.

† Expenditures are actually to nearest available date to Nov. 11, 1918.

‡ Operation suspended on instructions from War Department.

§ Facilities located on area owned by contractor and leased at nominal rental.

‡ Included in total cost.

† Operation just started.

‡ Contract just started.

It should be carefully noted that all figures on settlements and a considerable portion of the other figures given herein are estimates, which are made under conditions that prevent them being more than approximately correct.

The ratio of obligations incurred to those paid to date on the picric acid plants appears very high. This is particularly noticeable in the cases of Grand Rapids and Brunswick, Ga. The actual condition is not truly represented by the figures, however, in that the percentage paid of actual obligations is undoubtedly considerably higher than shown, as the normal time required in the transmission of information from the disbursing offices to the main finance office and thence to the sections interested must of necessity put the records here considerably behind the actual expenditure. Still further, in arriving at obligations incurred, it has been necessary in every case to estimate on certain factors, such as the settlement of equities on uncompleted contracts, which manifestly at this time are impossible of more accurate measurement. It is natural on plants where the construction is in full swing that the factors subject to estimate would be very much greater than on plants nearer completion. Also it is natural that the variation between expenditures to date and incurred obligations would be greater at such a period.

While the ratio, therefore, looks very disproportionate, it is believed that the essential data, that of total obligations, is approximately correct and that the expenditure to date is actually somewhat higher than has been shown. If corrected for this, the ratio on these plants would not be disproportionate when the status of construction is considered.

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

1003

[Key: Land status—P= purchased; L= leased, with privilege to purchase; C= owned by contractor of interests other than Government, with no privilege to purchase; D= land under condemnation.]

Location.	Product.	Estimated cost to complete.						Estimated expenditures. ¹				
		Land.		Build- ings.	Equip- ment.	Hous- ing.	Total.	To Nov. 11 (armam- ents).	Subse- quent to Nov. 11 for liqui- dation of obli- gations and lay- up ex- pense.	Subsequent to Nov. 11 for other purposes.		Total.
		Acer- age.	Cost.							Amount.	Purpose.	
Du Pont Engineering Co., Pennington, Va.	Loaded shell and boost- ers.	5,114	Rent \$1 per month if op- erated, \$400 if not op- erated	6,000,000	5,567,000	3,000,000	14,567,000	8,260,288	4,796,732			13,067,000
Atlantic Loading Co., Am- stol, N. J.	do.	6,000	Rent \$100,000 per year.	8,000,000	6,066,000	3,500,000	17,066,000	11,658,000	4,308,000			15,966,000
Bethlehem Loading Co., Mays Landing, N. J.	Loaded shell.	5,000	do.	9,000,000	6,423,000	4,000,000	19,423,000	8,760,400	7,777,900			16,538,300
T. A. Gillespie Loading Co., Morgan, N. J.	Loaded shell.	7,680	Rent \$120,000 per year. ²	4,500,000	3,000,000	500,000	17,087,000	16,687,000	1,000,000			17,687,000
Reconstruction of plant. ²							8,000,000	2,000,000	1,000,000	1,000,000	Storage build- ings.	4,000,000
California Loading Co., Old Bridge, N. J.	Fuze boosters	180	Rent, \$10,000 per year.	1,000,000	951,000	200,000	2,150,000	1,476,000	525,000	50,000	do.	2,051,000
Martin-Rockwell, Port Penn, Del.	Bombs.	290	Rent \$100,000 per year.	3,500,000	2,500,000	2,000,000	8,000,000	1,433,400	1,007,100	59,100	Miscellaneous expenses.	2,500,000

¹ Expenditures are actually to nearest available date to Nov. 11, 1918.

2 Part applies to purchase of land.

- Part applies to purchase of land.
- Plant destroyed by fire Oct. 4, 1918.

Government-owned plants, explosives and loading division—Loading section—Plant summary, Jan. 1, 1919—Continued.

Location.	Net savings. ¹	Land status (see key).	Per cent employees housing facilities will accommodate.	Product.	Production.			Construction status.				
					Rated production per month.	Best month production prior to armistice.	Total production to armistice.	Construction began.	Operation began.	Number of units complete, plants.	Number of units complete to armistice.	Percentage completed to total project.
	14	15	16	17	18	19	20	21	22	23	24	25
Du Pont Engineering Co., Penniman, Va.	1,500,000	C.....	85	75m/m 4.7" 155 m/m.....	625,000 300,000	134,200 77,100	313,740 164,860	Mar. 1, 1918	June 20, 1918	4 of 4.....	.....	90 per cent.
Atlantic Loading Co., Amatel, N. J.	1,100,000	LP.....	80	Boosters..... 75 m/m..... 4.7" 155 m/m.....	1,250,000 625,000 300,000	364,500 185,600	748,300 313,732	Mar. 3, 1918	Aug. 1, 1918	5 of 5.....	.....	85 per cent.
Bethlehem Loading Co., Mays Landing, N. J.	2,884,000	D.....	75	Boosters..... 75 m/m..... 8" 135 m/m.....	500,000 625,000 300,000	29,100	20,410 46,223	Mar. 1, 1918	Sept. 15, 1918	1-6" and 1-8" of 3.	.....	75 per cent.
T. A. Gillespie Loading Co., Morgan, N. J.	.....	LP.....	30	75 m/m..... 4.7" 135 m/m.....	100,000 625,000 125,000 300,000	.....	75,700 14,124 353,643	Jan. 15, 1918	May 15, 1918	0 of 5.....	.....	At present 30 per cent consists of storage space only.
Reconstruction of plant. ⁴	4,000,000	.....	.....	8"	100,000	.....	54,956	.....	.....	.....	.....	.....
California Loading Co., Old Bridge, N. J.	100,000	LP.....	50	Stokes..... Fuze..... Boosters.....	500,000 1,000,000 1,250,000	.....	498,114 80,000 688,900	Apr. 26, 1918	Aug. 26, 1918	4 of 4.....	.....	90 per cent.
Marlin-Rockwell, Port Penn, Del.	5,500,000	LP.....	80	Grenades..... Bombs.....	1,750,000 120,000	482,500	110,000	Aug. 1, 1918	.....	0 of 4.....	.....	5 per cent.

¹ Refers to saving from present estimate and has no relation to allotments.
² This section has no data on proportion of the estimated cost allotted to "Buildings, equipment, and housing." Figures given are estimates.

[Key: Land status: P, purchased; L, leased, with privilege to purchase; L.P, leased, with privilege to purchase; C, owned by contractor or interests other than the Government, with no privilege to purchase; D, land under condemnation.]

Location.	Product.	Estimated cost.						Estimated expenditures. ¹				
		Land.		Buildings.	Equip- ment.	Housing.	Total.	To Nov. 11 (armis- tice).	Subsequent to Nov. 11 for liqui- dation of obligations and lay-up expense.	Subsequent to Nov. 11 for other purposes.		Total.
		Acreage.	Cost.							Amount.	Purpose.	
1	2	3	4	5	6	7	8	9	10	11	12	13
Bethlehem Loading Co., Reding- ton, Pa.	Loaded shell.....	80	\$42,000	\$200,000	\$300,000	.....	\$500,000	\$280,072	\$135,300	.....	.....	\$425,372
Bethlehem Loading Co., New Cas- tle, Del.	Loaded shell and boosters.....	200	\$90,000	150,000	150,000	\$100,000	400,000	270,094	53,036	.....	.....	332,130
Evans Engineering Co., Old Bridge, N. J.	Loaded shell.....	.....	.....	40,000	40,000	48,000	128,000	55,000	.....	.....	.....	55,000
Gillespie Loading Co., Parlin, N. J.	do.....do	.....	.....	20,000	31,000	.....	51,000	54,000	.....	.....	.....	.....
American Can Co., Kenilworth, N. J.	do.....do	.....	.....	.....	.....	294,800	294,800	.....	.....	.....	.....	.....

¹ Expenditures are actually to nearest available date to Nov. 11, 1918.

* Refers to saving from present estimate and has no relation to allotments.

* Rent per year.

Government-financed plants, Explosives and Loading Division, Loading Section—Plant summary, Jan. 1, 1919—Continued.

Location.	Net saving.	Land status (see key).	Per cent housing facilities will accommodate (employees).	Product.	Production.			Construction status.				
					Rated production per year.	Best month production prior to armistice.	Total production to armistice.	Construction began.	Operation began.	Number of units complete to plant.	Number of units complete to armistice.	Percentage completed to total project.
1	14	15	16	17	18	19	20	21.	22	23	24	25
Bethlehem Loading Co., Redington, Pa.	\$74,628	L.....	.....	8-inch shell and larger.	100,000	23,300	210,981	.....	.....	2 of 2	.....	85
Bethlehem Loading Co., New Castle, Del.	67,870	L.....	30	10-inch shell.	12,500	5,100	63,658	} May 15, 1918	.....	.....	.....	100
Evans Engineering Co., Old Bridge, N. J.	73,000	.....	15	Boosters	2,500,000	986,800	2,782,825		.....	.....	3 of 3	.....
				76 mm.	650,000	478,000	2,069,677	.....	.....	.....	.....
				do.	625,000	404,000	2,288,825	.....	.....	.....	.....
Gillespie Loading Co., Parlin, N. J.		.....	.....	75 mm. H. E.	650,000	202,500	419,800	.....	.....	.....	.....
			50	Shrapnel	535,000	2,132,200	3,552,000	.....	.....	.....	.....
				Boosters	375,000	281,900	427,900	.....	.....	.....	.....
American Can Co., Keellworth, N. J.	294,800	.....	.....	Fuse	375,000	387,200	2,083,800	.....	.....	.....	.....

1 Rent per year.

Explosives and Loading Division, Loading Section.—Materials summary, Jan. 1, 1919.

Item.	Unit.	Total contracts.		Undelivered balance on outstanding contracts as of Nov. 11, 1918.		Recommended cancellations.		Estimated production to cessation of manufacture from Nov. 11, 1918.	
		Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
1	2	3	4	5	6	7	8	9	10
High explosive shell.....	Number	59,886, 100	\$177, 249, 127	46, 225, 528	\$154, 286, 850	43, 800, 214	\$132, 688, 540	5, 824, 976	\$18, 350, 439
Shrapnel.....	do.	21, 114, 556	29, 843, 255	10, 266, 497	20, 083, 666	10, 020, 803	19, 790, 455	2, 577, 573	2, 848, 709
Adapters and boosters.....	do.	43, 466, 000	12, 729, 156	38, 948, 937	9, 015, 018	35, 163, 770	8, 125, 517	4, 255, 167	1, 090, 532
Fuze.....	do.	104, 118, 067	67, 022, 614	74, 141, 922	58, 108, 632	72, 968, 804	55, 924, 906	6, 937, 226	5, 952, 888
Primers and detonators.....	do.	183, 275, 000	2, 061, 005	71, 937, 124	1, 646, 058	71, 937, 124	1, 646, 058	7, 039, 953	89, 251
Grenades—Hand and rifle.....	do.	124, 200, 000	6, 064, 500	82, 512, 661	3, 989, 451	82, 512, 661	3, 989, 451	10, 782, 642	516, 817
Trench mortar shell and propellants.....	do.	59, 835, 949	6, 887, 841	35, 568, 053	4, 788, 041	35, 568, 053	4, 788, 041	8, 508, 444	306, 506
Bombs.....	do.	2, 153, 189	2, 963, 679	2, 044, 233	2, 494, 101	2, 044, 233	2, 494, 101	.....	.....
Total.....			304, 551, 177		254, 353, 817		220, 444, 069		29, 155, 142
Value of estimated production from Nov. 11, 1918, to cessation of manufacture.....					29, 155, 142				
Value of estimated undelivered balance at cessation of manufacture.....					225, 228, 675				
Twenty per cent of above as estimated cost of cancellation of undelivered balance.....					46, 046, 735				
Estimated saving.....					180, 182, 940				

1 Including metal components.

Explosives and loading division, propellant assembly section—Materials summary, Jan. 1, 1919.

Item.	Unit.	Total contracts.		Undelivered balance on outstanding contracts.		Probable cancellations.	
		Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
1	2	3	4	5	6	7	8
Loading propellants.....	Cost plus.....	6,000,000	1,88,350,000.00	3,278,614	84,098,267.00	3,278,614	(1)
Cartridge cloth.....	Square yards.....	38,465,147	29,470,463.00	18,000,000	12,982,000.00	8,000,000	486,160,000.00
Silk oven ribbon.....	Yards.....	20,000,000	1,275,000.00	17,000,000	1,082,750.00	12,000,000	84,000,000.00
Canvas for bags.....	Sq. ft.....	12,685,812	1,452,000.00	5,500,000	407,500.00	1,000,000	115,000.00
Gun silk thread and lacing.....	Pounds.....	373,000	2,120,400.00	3,100,000	670,000.00	50,000	285,000.00
Fiber containers.....	Each.....	8,295,831	4,197,778.00	4,008,616	2,243,696.00	1,800,000	1,000,000.00
Extra metal ends.....	do.....	480,000	26,300.00	84,400	4,642.00	50,000	2,750.00
Other metal ends.....	do.....	15,213,000	291,260.00	5,807,700	112,500.00	3,000,000	58,250.00
Felt discs.....	do.....	7,589,000	43,181.41	2,260	1,270.00	.....	.....
Paper bags.....	do.....	17,437,650	30,656.00	.....	.....	.....	.....
Shocks or packing cases.....	do.....	1,381,832	2,556,389.20	705,138	1,304,509.00	300,000	625,000.00
Metal strapping.....	Seis.....	1,283,413	91,977.93	170,232	12,000.00	170,232	12,000.00
Nails.....	Kgs.....	6,775	40,650.00	.....	.....	.....	.....
Waterproof paper linings.....	Each.....	3,900,000	700,000.00	2,400,000	480,000.00	2,100,000	420,000.00
Metal containers.....	do.....	3,542,022	7,615,300.00	3,350,996	7,221,000.00	1,500,000	3,000,000.00
Primer protector caps.....	Seis.....	311,000	55,980.00	151,298	27,234.00	50,000	9,000.00
Cansburg cloth.....	Square yards.....	390,000	117,000.00	.....	.....	.....	.....
Burlap webbing.....	Linear yards.....	5,000,000	150,000.00	4,250,000	127,500.00	4,250,000	127,500.00
Total.....	.....	.....	58,723,323.64	.....	31,551,868.00	.....	12,479,800.00

Item.	Unit.	Estimated production to cessation of manufacture.		Modified 48/24 loading program.	Remarks.	Surplus.
		Quantity.	Value.			
1	2	9	10	11	12	13
Leading propellants.....	Cost plus.....	\$ 2,721,386	\$8,350,000.00	2,385,560		335,826 to be kept in fiber.
Cartridge cloth.....	Square yards.....	30,455,147	23,450,463.00	22,000,000	Requirements program Nov. 18, 1918.	8,000,000.
Silk woven ribbon.....	Yards.....	8,000,000	510,000.00	1,000,000		2,000,000.
Cartridge bags.....	Sets.....	11,685,812	1,337,000.00	2,394,160		Excess some sizes: arrears other sizes.
Spun silk thread and lacing.....	Pounds.....	322,000	1,835,400.00	50,000	To be replaced by metal containers.	100,000 pounds.
Fiber containers.....	Each.....	6,495,831	3,197,776.00	1,748,100		5,000,000: all on hand.
Extra metal ends.....	do.....	410,000	22,550.00			410,000.
Fiber discs and sheets.....	do.....	12,213,000	233,000.00		Recommended none to be sold.	None.
Felt discs.....	do.....	7,589,000	43,181.41	6,000,000	do.	None.
Paper bags.....	do.....	17,457,650	30,658.00	5,000,000		12,000,000.
Shooks or packing cases.....	do.....	1,081,832	2,031,398.20	750,000	Not required for metal containers; recommend all be sold.	All.
Metal strapping.....	Sets.....	1,113,181	79,977.93	750,000	do.	All.
Nails.....	Kegs.....	6,775	40,650.00	1,500	do.	All.
Waterproof paper linings.....	Each.....	1,400,000	280,000.00	1,000,000	Needed for metal containers.	None.
Metal containers.....	do.....	2,042,022	4,615,300.00	1,222,440		Excess 12-inch mortar 10-inch gun; arrears all other sizes.
Primer protector caps.....	Sets.....	261,000	46,980.00	427,000		None.
Canaburg cloth.....	Square yards.....	360,000	117,000.00	360,000		None.
Burlap webbing.....	Linear yards.....	750,000	22,500.00	1,500,000		None.
Total.....			46,243,823.54			

¹ Allotments

² All funds allotted will be required.

³ To be reloaded into metal containers; also 505,094 additional charges of sizes not yet loaded are required for approved modified program of Nov. 26, 1918, and for these charges new purchases of materials and components must be made.

⁴ Surplus recommended to be sold after allowing for waste and change in design or caliber of cartridge bags.

Values given in columns 8 and 10 are approximate only and are liable to increase or decrease, and allowances have been made for damages and awards on account of cancellations before completion of contracts.

Government-owned plants: Explosives and Loading Division, Propellant Assembly Section—Plant summary, Jan. 1, 1919.

Land status: P, purchase; L, leased, no privilege to purchase; LP, leased with privilege to purchase; C, owned by contractor or interests other than Government with no privilege to purchase; D, land under condemnation.]

Location.	Product.	Estimated cost.						Estimated expenditures. ¹					Net sav- ings.
		Land.		Build- ings.	Equip- ment.	Housing.	Total.	To Nov. 11 (armis- tice).	Subse- quent to Nov. 11 for liqui- dation of obliga- tions and lay-up expense.	Subsequent to Nov. 11 for other purposes.			
		Acqre- age.	Cost.							Amount.	Purpose.	Total.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Woodbury, N. J.....	{ Assembly of propel- lant charges.	1,400	\$37,000	\$3,981,600	\$475,000	{ \$450,000 + 350,000 }	\$5,258,600	\$5,208,600	.....	\$50,000	{ Completing fire protec- tion and cov- ering steam lines.	\$5,258,600	(1)
Tallytown, Pa.....	do.....	1,200	30,000	5,058,000	500,000	{ 450,000 + 800,000 }	6,808,000	6,758,000	.....	50,000	{ To complete storage and fire protec- tion.	6,808,000	.....
Seven Pines, Va.....	do.....	1,840	160,000	5,440,000	600,000	41,500,000	7,760,000	7,660,000	.....	100,000	{ To complete storage area and power plant.	7,760,000	.....

Location.	Land status (see key).	Per cent employees housing facilities will accommodate.	Production.			Construction status.					Per cent completed to total project.
			Rated production per month (average changes).	Best month's production prior to armistice.	Total production (charges).	Construction began—	Operation began—	Number of units complete plant.	Number of units complete to armistice.		
14	15	16	17	18	19	20	21	22	23	24	
Woodbury, N. J.	L.	1,100; 22 per cent.	500,000	625,000	1,350,000	Apr. 15, 1918	June 21, 1918	All.	All.	97	
Talltown, Pa.	L.	1,500; 28 per cent.	500,000	575,000	975,000	do.	Aug. 15, 1918	do.	do.	98	
Seven Pines, Va.	F.	1,900; 33 per cent.	500,000	300,000	450,000	May 15, 1918	Sept. 15, 1918	do.	do.	92	

¹ Expenditures are actually to nearest available date to Nov. 11, 1918.

² Ordnance funds.

³ United States Housing Corporation funds.

⁴ Per annum.

The ratio of obligations incurred to those paid to date on the picric acid plant appears very high. This is particularly noticeable in the cases of Grand Rapids and Brunswick, Ga. The actual condition is not truly represented by the figures, however, in that the percentage paid of actual obligations is undoubtedly considerably higher than shown, as the normal time required in the transmission of information from the disbursing offices to the main finance office and thence to the sections interested must of necessity put the records here considerably behind the actual expenditure. Still further, in arriving at obligations incurred, it has been necessary in every case to estimate on certain factors such as the settlement of equities on uncompleted contracts, which manifestly at this time are impossible of more accurate measurement. It is natural on plants where the construction is in full swing that the factors subject to estimate would be very much greater than on plants nearer completion. Also it is natural that the variation between expenditures to date and incurred obligations would be greater at such a period.

While the ratio therefore, looks very disproportionate, it is believed that the essential data, that of total obligations is approximately correct and that the expenditure to date is actually somewhat higher than has been shown. If corrected for this, the ratio on these plants would not be disproportionate when the status of construction is considered.

FRIDAY, JANUARY 3, 1919.

NITRATE PLANTS.

STATEMENTS OF COL. J. W. JOYES, COL. WM. P. BARBA, AND COL. U. SARGENT, COL. J. G. SCRUGAM, AND COL. H. B. HUNT OF THE ORDNANCE DEPARTMENT, AND BRIG. GEN. H. M. LORD, AND MR. S. H. WOLFE OF QUARTERMASTER CORPS.

SHEFFIELD, ALABAMA, PLANT.

The CHAIRMAN. Colonel, suppose we get from you a statement as to the appropriations that have been made and the expenditures that have been made on the various nitrate plants, of which there were four, I believe. Number 1 is the Sheffield plant.

Col. JOYES. Yes, sir.

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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Appropriated funds expendable and contract authorizations at the disposal of the nitrate division, Ordnance Office.

[As at Dec. 31, 1918.]

Projects.	Total.	Nitrate plants (act approved June 3, 1916, sec. 124).	National security and defense, War Department allotment, Mar. 13, 1918.	Armament of fortifications, "C."	
				Funds.	Contract authorization.
1. United States Nitrate Plant No. 1, construction.....	\$13,340,800.00	\$5,850,000.00	\$3,500,000.00	\$3,990,800.00	.....
2. United States Nitrate Plant No. 2, construction.....	40,000,000.00	.....	.....	40,000,000.00	.....
3. Black Warrior power station and transmission line, construction.....	4,000,000.00	.....	.....	4,000,000.00	.....
4. United States Nitrate Plant No. 3, construction.....	22,500,000.00	.....	.....	22,500,000.00	.....
5. United States Nitrate Plant No. 4, construction.....	22,500,000.00	.....	.....	22,500,000.00	.....
6. United States chemical plant, Saltville.....	125,000.00	.....	.....	125,000.00	.....
7. United States Nitrate Plant No. 1, operation.....	4,117,500.00	.....	.....	4,117,500.00	.....
8. United States Nitrate Plant No. 2, operation.....	20,625,000.00	.....	.....	20,625,000.00	.....
9. "A" investigation.....	20,000.00	20,000.00	.....	.....	.....
10. "D" research.....	334,172.50	334,172.50	.....	.....	.....
11. "E" Bucher process.....	25,827.50	25,827.50	.....	.....	.....
12. "F" land for United States Nitrate Plant No. 2.....	350,000.00	350,000.00	.....	.....	.....
13. "H" experimental station.....	250,000.00	250,000.00	.....	.....	.....
14. Powder plant.....	15,000,000.00	.....	.....	15,000,000.00	.....
15. Arc process.....	5,000,000.00	.....	.....	5,000,000.00	.....
16. Additional oxidation and concentration.....	2,000,000.00	.....	.....	2,000,000.00	.....
17. Coke ovens.....	4,000,000.00	.....	.....	4,000,000.00	.....
18. Sodium cyanide process.....	3,000,000.00	.....	.....	2,000,000.00	\$1,000,000.00
Total.....	157,188,300.00	6,830,000.00	3,500,000.00	145,858,300.00	1,000,000.00

Commitments and disbursements other than commitments to Dec. 31, 1918.

(As at Dec. 31, 1918.)

Project.	Distribution as charged to appropriations.				Armament of fortifications "C."		Estimated aggregate cost of projects.
	Total.	Nitrate plants.	National security and defense.	Armament of fortification "C."	Estimated further expenditures.	Estimated reductions by settlements.	
1. United States nitrate plant No. 1, construction, including synthetic ammonia plant in process of building, oxidation and absorption (acid plant), nitric acid concentration, neutralization, ammonium nitrate, general administrative activities and utilities, as power, water, sewer, etc.	\$13,340,800.00	\$5,850,000.00	\$3,500,000.00	\$3,558,225.28	\$432,574.71		\$13,340,800.00
2. United States nitrate plant No. 2.	57,000,000.00			57,000,000.00	3,000,000.00		60,000,000.00
3. Black Warrior Power Station and Transmission Line.	4,904,790.11			4,904,790.11	95,209.89		\$5,000,000.00
4. United States nitrate plant No. 3, construction.	9,733,947.04			9,733,947.04		\$733,947.04	9,000,000.00
5. United States nitrate plant No. 4, construction.	10,823,032.22			10,823,032.22		1,823,032.22	9,000,000.00
6. United States chemical plant No. 4, Saltville construction (under other office).							
7. Administration and disposition.	125,000.00			125,000.00			2,675,000.00
8. United States nitrate plant No. 1, operation (for test).	1,083,696.87			1,083,696.87	\$416,303.13		125,000.00
9. United States nitrate plant No. 2, operation (for test).	1,160,060.00			\$150,060.00	2,849,950.00		1,500,000.00
10. "A" in investigation.	18,083.95	18,083.95					3,000,000.00
11. "D" research.	251,312.50	251,312.50					(1)
12. "E" Bucher process.	25,827.50	25,827.50					26,827.50
13. "F" land for U. S. N. P. No. 2.	397,000.00	397,000.00					397,000.00
14. "H" experimental station (allotted).	250,000.00	250,000.00					250,000.00
Reserve, as safeguard against errors and omissions.					5,000,000.00		5,000,000.00
RECAPITULATION ARMAMENT OF FORTIFICATIONS C.	98,068,540.19	8,745,223.95	3,500,000.00				
Total contracts and expenditure to date.				87,378,741.53			
Estimated further expenditures.				11,794,037.73	11,794,037.73		
Estimated reductions by settlements, etc.				99,172,779.26		2,556,979.26	
Net ultimate totals: armament of fortifications C used and to be used.				2,556,979.26			
Estimated aggregate cost of all projects—All appropriations.				98,615,800.00			100,266,827.50

¹ Stated slightly lower in hearing.

² Stated at \$4,500,000 in hearing.

³ These are reservations of amounts.

⁴ Indefinite.

NOTE.—Projects 14, powder plant; 15, are process; 16, additional oxidation and concentration; 17, coke ovens; 18, sodium cyanide process, have been abandoned, consequently there are no estimated costs.

It will be hoped that actual expenditures will be less.

The CHAIRMAN. What was that plant to cost and what have been the appropriations for it?

Col. JOYES. Nitrate plant No. 1 has cost to date \$13,082,000.

The CHAIRMAN. What is to be spent on it in addition if anything?

Col. JOYES. Only the payment of obligations already incurred, and the cost of closing up the plant, if such action is decided upon.

The CHAIRMAN. Is the plant completed?

Col. JOYES. Not entirely; no, sir. About one-half of the plant has been in operation. The machinery of unit 3 in the ammonia process building was not entirely installed and work on installation was stopped shortly after the signing of the armistice.

The CHAIRMAN. What was its capacity to be?

Col. JOYES. Its capacity was to be 22,000 tons of ammonium nitrate per year.

The CHAIRMAN. What has been its capacity?

Col. JOYES. Operation has been carried on only intermittently and at no time of a sufficient duration to permit a satisfactory capacity test run. Thus far there has only been made about 50 tons of ammonium nitrate which has been made from about 25 tons of synthetic ammonia produced in the ammonia process. The ammonia process is largely experimental. It was undertaken upon the advice of the Nitrate Supply Committee, to determine whether it had the economies for which it was designed and which were expected of it. The ammonia process gave great promise, but had previously been used on only slightly more than a laboratory scale. It is somewhat on the order of the German synthetic process which produced about one-third of the fixed nitrates with which Germany carried on the war. The ammonia process at plant No. 1 is theoretically an improvement over the German process and it was expected that ultimately, after a reasonable period of preliminary operation, it would make good.

The CHAIRMAN. What has been done with the plant? You say you have stopped work there.

Col. JOYES. The work of construction and installation of the apparatus of the third unit which constitutes half of the ammonia process was stopped. All of the apparatus is on hand, but is not completely installed. The installation of the third unit apparatus was stopped because experimental operations were being performed with the first and second units and these operations had not yet worked out to the complete satisfaction of the engineers at the plant.

The CHAIRMAN. Are you operating it at all now?

Col. JOYES. Unit No. 1, which is one-fourth of the capacity of the ammonia process, is now in trial operation.

The CHAIRMAN. No definite policy has been determined upon in regard to the plant itself?

Col. JOYES. No, sir. At present I expect it will probably be shut down very shortly, although there are possibilities of an arrangement with the people who developed the process, by which arrangement they will carry on the operation of the plant without expense to the Government, and only for the sake of the development of the process.

The CHAIRMAN. Do you mean that they would carry it on, or take the plant over?

Col. JOYES. The United States would retain title absolutely. The General Chemical Co., which is interested in developing the process,

and also in a sort of sentimental way in making good on their design. will probably undertake it. I think we can reach an arrangement with them, although they have not said so. I think we can do it. If the General Chemical Co. will take over the operation of the plant and will for the sake of the product go ahead at their own expense and make the plant work efficiently, the product will be put on the market for fertilizer and as soon as its sales shall equal the expenditures of the General Chemical Co. they will receive no more. In other words, there will not be a penny of profit in it for them. I think they will be willing to do it. That would give the United States the advantage of developing the thing to the point of actual usefulness without expense.

The CHAIRMAN. You have made some nitrates?

Col. JOYES. Yes, sir.

The CHAIRMAN. At what cost?

Col. JOYES. We have not been able to figure on the cost of it yet. The expenses continue and the production has been intermittent and irregular, so that you could not figure any cost.

The CHAIRMAN. As a process, it has not been demonstrated to be successful?

Col. JOYES. No, sir; but I would carefully avoid ever saying that it has been demonstrated not to be a success. A process of that kind has many very complicated features about it, and it takes time to develop it. You will find a little difficulty here and a little difficulty there that stops the whole thing, and the remedy must be found for that. At the present time we have been running for a few days, and then some piping in some of the heaters will blow out. We have had half a dozen stoppages from that cause, and we have not yet found a way to fix that up. It can be done, of course, in time.

The CHAIRMAN. You do not expect to continue putting money into the plant?

Col. JOYES. Absolutely not.

The CHAIRMAN. Whatever expenditure is made in the near future will be in the way of paying off obligations already incurred?

Col. JOYES. Yes, sir. There is some balance remaining out of the \$20,000,000 appropriated specifically for investigations of nitrate fixation processes. There is some of that still under our control and available for the purpose of investigations, whether they are made at the plant or elsewhere. It is conceivable that there may be some promising modification of the process that would thoroughly justify more expenditure.

The CHAIRMAN. Are you able to give me accurately the expenditures that have been made there?

Col. JOYES. We will do the best we can. I do not think any of these figures can be accurate, because the obligations have not all been settled up, and it is not exactly known how much they will amount to. A close figure can be given. The figures to a very recent date show \$12,908,222.56. The remaining amount to total \$13,082,000 is an estimated value.

The CHAIRMAN. What have you at this plant? It includes, of course, the actual manufacturing plant. Does it also include housing for workmen?

Col. JOYES. Some; yes, sir. It includes approximately 100 houses for civilian operators and for officers. There are also a number of

barracks which were used by the construction forces. Eleven of these barracks have been somewhat improved on the inside and plastered on the outside with cement, so as to reduce the fire risk, and are occupied by enlisted operators and guards. There is sufficient housing at plant No. 1 for 1,000 men.

The CHAIRMAN. Do we own the land?

Col. JOYES. Yes, sir; we own the land.

The CHAIRMAN. How much land is there?

Col. JOYES. About 1,825 acres.

The CHAIRMAN. How much did it cost?

Col. JOYES. A little over \$400,000, including some improvements such as clearing and grading.

The CHAIRMAN. What is the character of the improvements or buildings?

Col. JOYES. The manufacturing buildings are entirely permanent buildings, with steel frames and masonry walls. They are of very excellent construction. Some of the dwelling houses are frame and some of them are of hollow-tile construction. We found that a hollow-tile house did not cost materially more than a frame house, and so we put some of them up of hollow tile.

The CHAIRMAN. Is your expenditure so stated as to enable you to tell us how much of it has been for machinery, how much for manufacturing buildings, and how much for residences, etc.?

Col. JOYES. I could easily give you that but do not have it with me.

The CHAIRMAN. Suppose you put in the record a statement showing your expenditures along those various lines.

Col. JOYES. I can do that for you as soon as I get back to the office.

(The statement referred to is as follows:)

Land and land improvements.....	\$610,000
Buildings and other improvements.....	3,722,000
Community housing.....	1,500,000
Manufacturing and experimental equipment.....	7,250,000
Total.....	13,082,000

The CHAIRMAN. Does this plant have any adaptability for any other purpose?

Col. JOYES. Yes, sir, I think so. Of course much of the actual apparatus itself would not be adaptable for other purposes, because it was designed for the particular process at Plant No. 1 and is good for that alone. There is, however, a very good piece of ground adaptable for many other things. At one time there was a powder plant of 250,000 pounds capacity staked out on the ground, and there were plans for various other things. There is room for a large number of storehouses and an establishment for the manufacture and storage of high explosive ammunition could be constructed on this tract of land.

The CHAIRMAN. I do not mean the land merely, but the plant itself.

Col. JOYES. The buildings, of course, if the machinery were ripped out of them, would be good buildings for many purposes, but I do not think we will be justified in doing that. The investment in the apparatus is quite large, and if it is not developed to real successful operation and economical operation by the exact process that we are now working with, some reasonable modification might make it so.

The CHAIRMAN. It could be developed for making nitrates by some other process?

Col. JOYES. Yes, sir, or by some slight modification of this same process. You understand, we have been making ammonia there exactly according to the original idea, but it has not run smoothly and uninterruptedly, and it has not given the yield it should have given, but that I think could be overcome with continuous trial and by the entirely possible elimination of the present difficulties in operation. But should the present process not make good, the plant could be switched over and used in its general outline for other similar processes.

The CHAIRMAN. How near is it to the second plant at Muscle Shoals?

Col. JOYES. It is about 4 miles away.

The CHAIRMAN. This plant gets its power where?

Col. JOYES. Plant No. 1 supplies its own power with a steam power plant which, for electrical purposes, has an excess number of boilers. There are enough boilers to make a large quantity of steam which is consumed in the manufacturing processes in addition to the steam required for the generation of electrical power. The capacity of this power house is 5,000 kilowatts or approximately 6,700 electrical horsepower.

The CHAIRMAN. What community is at this plant, or outside of this plant?

Col. JOYES. Plant No. 1 takes in a part of the property of the town of Sheffield, Ala., and takes in some rural property bordering the town limits. The town of Tuscumbia also adjoins the plant No. 1 property, and directly across the river lies the city of Florence. Locally the three towns are called the Tri-Cities, the population of which amounted to a total of 25,000 when work on the plant was commenced.

Mr. CANNON. You are not using water power, but are using steam power?

Col. JOYES. Yes, sir. The plant No. 1 process for the manufacture of ammonium nitrate from synthetic ammonia does not require a great amount of power. In proportion to the output of the plant, the power consumption is very small. The other process at Plant No. 2 requires a great amount of power in proportion to the output of the plant.

Mr. CANNON. In the meantime, you are not using water power there but are using this steam power?

Col. JOYES. For Plant No. 1 which we have been discussing, steam power is being used.

Mr. CANNON. You are using steam power from No. 1 at No. 2?

Col. JOYES. No, sir.

Mr. CANNON. There is nothing but water power at No. 2?

We have not touched on No. 2 yet. The power supply of No. 2 plant is a thing all by itself.

Mr. CANNON. You referred to a chemical company. What kind of a company is that that is mixed up in this matter? Did we buy the plant from them?

Col. JOYES. No, sir. A process which had already been designed by the General Chemical Co. was obtained, but the plant itself was built by the Ordnance Department. A certain amount of expert

engineering assistance was obtained from the General Chemical Co., but that was all.

The CHAIRMAN. What is their interest in the matter?

Col. JOYES. The General Chemical Co. has absolutely no business interest in Plant No. 1. At the request of one of the investigating committees appointed by the President, and consisting of representatives of the Army, Navy, Interior, and Agricultural Departments and five civilians of great eminence in industrial chemistry, the General Chemical Co. made a tender to the President of all the rights to their ammonia process, which rights were to be free to the Government, in so far as the manufacture of munitions went, but which should pay to them a royalty of \$5 per ton of fixed nitrogen made and disposed of by the Government for commercial purposes. A charge of \$5 per ton for fixed nitrogen would be equivalent to a maximum of about 25 cents per ton of fertilizer, since the nitrogen content in fertilizer is small in proportion to the total.

The CHAIRMAN. What they furnished was nothing but their process or theory?

Col. JOYES. Yes, sir.

The CHAIRMAN. And there is a contract with them setting forth the rights of the United States to use their process for making nitrates for munitions?

Col. JOYES. Yes, sir; free for the manufacture of nitrates for munitions.

The CHAIRMAN. And for fertilizer, with a royalty to them amounting to 25 cents per ton?

Col. JOYES. Yes, sir; if the ammonium nitrate is mixed with other material and disposed of as fertilizer.

The CHAIRMAN. And it is your idea that their interest in demonstrating the marketable or commercial success of their process is sufficient to warrant them in doing something to carry on further experimentation with this plant without additional cost to the Government?

Col. JOYES. I think so; yes, sir.

The CHAIRMAN. But no arrangement of that kind has yet been entered into?

Col. JOYES. No, sir.

The CHAIRMAN. Are any negotiations to that effect under way?

Col. JOYES. Yes, sir. I do not know whether we can make exactly such an arrangement, but it has been intimated to the General Chemical Co. that we had spent all the money that we cared to spend right now, but it might be advisable to close the plant in order to determine exactly what improvements would be necessary in the apparatus before commencing operations again. It was also intimated that if they preferred to get the prestige of having had their process used according to their own design, we might be inclined to give them a chance along some such line as that.

The CHAIRMAN. Is it a solvent company?

Col. JOYES. Yes, sir, entirely. It is a very prominent company and a very large company.

Mr. CANNON. That was an experimental process, using how many units?

Col. JOYES. Three units, as they are called, were built, the third unit being equal in capacity to both the first and second.

Mr. CANNON. And one of those units has been completed?

Col. JOYES. The first unit is supposed to have a capacity of 15,000 pounds of synthetic ammonia per a 24-hour day.

Mr. CANNON. The two other units have not been completed?

Col. JOYES. They have not been entirely completed. The second unit has the same capacity as the first and is completed, except for the introducing into some of the vessels materials called catalysts, which stimulate chemical reaction. The vessels are ready and installed in the second unit, and the introduction of the catalysts would require only a few days' work.

Mr. CANNON. This \$12,000,000 was expended on an experiment that the Chemical Co. had, and the Government put in its money?

Col. JOYES. No, sir. Only a part, less than \$5,000,000 could be considered as having been used on a process still in the experimental stage. United States nitrate plant No. 1 consists of an ammonium nitrate crystalizing plant, a plant for the neutralization of ammonium nitrate, a plant for the concentration of nitric acid, a plant for the absorption and oxidation of ammonia for the production of nitric acid, all of which processes in modified form have been previously used with entire success.

The General Chemical Co.'s ammonia process, which might be still considered more or less in the experimental stage, consists of the producer gas plant, the process building itself and a large share of the power house, at a total cost of less than \$5,000,000. It will be understood, of course, that the cost of the power house at plant No. 1 should be distributed over all of these processes. It will be seen, therefore, that an expenditure of less than \$5,000,000 was made on a process which was more or less experimental, but which held great promises for success.

Mr. CANNON. And that experiment might succeed or might not?

Col. JOYES. Yes, sir; that is quite right.

Mr. CANNON. You did not stop at one unit, but you went on and got machinery for the entire three units?

Col. JOYES. Yes, sir.

Mr. CANNON. And put up houses for the people to live in?

Col. JOYES. Yes, sir.

Mr. CANNON. And now it is to be closed up unless you make some arrangement with this chemical company or some other company?

Col. JOYES. We will close it temporarily, yes, sir.

Mr. CANNON. It has not been demonstrated to be a success as yet?

Col. JOYES. It has been demonstrated that the process works but it has not yet been tuned up to the point where it works continuously and economically.

The CHAIRMAN. If I understand you, the plant actually makes what it was built to make?

Col. JOYES. Absolutely, yes, sir.

The CHAIRMAN. But the efficiency with which it makes it, as compared with other processes, is yet to be demonstrated?

Col. JOYES. Yes, sir.

The CHAIRMAN. The plant was to make what chemical?

Col. JOYES. Ammonium nitrate.

The CHAIRMAN. Was it a plant that could also take ammonium nitrate and convert it into any other desired form?

Col. JOYES. It would hardly do that, but the product could be taken at some intermediate stage and could be converted to some other form than ammonium nitrate. The General Chemical Co.'s process, which is really the process with which we originally started and which is in use at the present time, was designed for the manufacture of anhydrous ammonia by the fixation method, and that is what we were instructed by the Secretary of War upon the advice of the Nitrate Supply Committee of the War Department to build. There was, however, no disposition prescribed for the anhydrous ammonia. It might have been used in conjunction with hydrate of ammonia for refrigeration purposes, but there was no such provision prescribed. As the war progressed, the need for ammonium nitrate became so great that it became necessary to build additional apparatus to convert the anhydrous ammonia into ammonium nitrate. All of this additional apparatus is in perfect working condition and has been used successfully. This part of plant No. 1 was operated before a pound of anhydrous ammonia was produced, and was operated by use of purchased coke oven ammonia. A number of cars of coke oven ammonia were used.

The CHAIRMAN. That method of converting ammonia into ammonium nitrate was not novel or new, but it was a method that was in use.

Col. JOYES. Except the making of nitric acid from ammonia, which is a fairly novel process. It has not been carried on to any great extent in this country. To manufacture ammonium nitrate, ammonia and nitric acid must be used. The most of the ammonium nitrate made heretofore has been made by mixing ammonia as a by-product of the coke-oven industry with nitric acid, which is very frequently a by-product of some form of industry, or is sometimes made from sodium nitrate obtained from Chile. At plant No. 1 the ammonia and the nitric acid are put together precisely as is done in other places, except that the ammonia itself and the nitric acid made from ammonia are also produced at plant No. 1 by means of a self-contained process. The making of nitric acid from ammonia is in this country quite novel, and has been done to some extent. The apparatus for the manufacture of nitric acid has not been standardized. The apparatus at plant No. 1 was designed in accordance with some work which had been started and carried on under the direction of the Bureau of Mines. After the passage of the national defense act of 1916 the Bureau of Mines, in cooperation with various investigating committees and with the Chief of Ordnance, developed a small plant at the Semet-Solvay works, put some people in charge of it, and began a number of experiments. They developed, up to a certain point, apparatus for the manufacture of nitric acid, and then we took some of their personnel and the results of their experiments, designed some apparatus slightly different from their apparatus, had the apparatus manufactured and installed. This apparatus has been an entire success.

The CHAIRMAN. That part of your process has been worked out?

Col. JOYES. Yes, sir. The nitric-acid plant, which is called the oxidation and absorption plant, works very well indeed. The neutralization and ammonium nitrate graining processes are both standard and have been operated successfully at plant No. 1. The con-

centration plant is a standard process and, although it has not been operated, no difficulty is anticipated.

The CHAIRMAN. So that in the event your process for making ammonia failed, your plant may be usable by substituting the substance made by another process and then carrying the work on from that point into the making of ammonium nitrate?

Col. JOYES. Yes, sir.

Mr. CANNON. Was the erection of the plant at Sheffield determined upon prior to the declaration of war?

Col. JOYES. No, sir.

Mr. CANNON. It was after the declaration of war?

Col. JOYES. Instructions were received from the Secretary of War July 13, 1917.

Mr. CANNON. What organization or which one of these commissions or organizations recommended the construction of this plant at Sheffield?

Col. JOYES. The Nitrate Supply Committee recommended the construction of the plant.

Mr. CANNON. Whom was that composed of?

Col. JOYES. They did not recommend that the plant be constructed at Sheffield. The locality was not designated. On the other hand, they did recommend that a site be found, if possible, in the neighborhood of southwestern Virginia for the reason that a large fuming sulphuric acid factory is located at Pulaski, Va. This was necessary for the reason that if the nitric acid made at plant 1 were ever to be shipped to any of the powder plants for use in the manufacture of powder, it would be necessary to mix the nitric acid with sulphuric acid in order that it could be shipped in ordinary tank cars. For that reason it was desirable to locate the nitrate plant near the sulphuric acid plant. Western Virginia was scouted thoroughly, but an entirely suitable site could not be found.

Mr. CANNON. Who constituted the Nitrate Supply Committee and who appointed it?

Col. JOYES. Gen. William Crozier, Chief of Ordnance of the United States Army; Admiral Earle, Chief of the Bureau of Ordnance of the Navy Department; Gen. Black, Chief of Engineers, United States Army; Mr. F. W. Brown, of the Department of Agriculture; Dr. Hillebrand, of the Bureau of Standards; Dr. Parsons, of the Bureau of Mines; Dr. Noyes, of the Massachusetts Institute of Technology; Dr. Whitney, chief of the research laboratory of the General Electric Co.; Dr. Baekeland, Dr. Herty, and Mr. Gano Dunn, the civilian members of the committee, being prominent in the industrial chemistry of this country.

Mr. CANNON. Who appointed this committee?

Col. JOYES. The Nitrate Supply Committee was appointed by the Secretary of War, and Gen. Crozier, by letter of April 14, 1917, was appointed to act in calling meetings of this committee at appropriate times for necessary action.

MUSCLE SHOALS, ALA.

The CHAIRMAN. Your second plant is at Muscle Shoals?

Col. JOYES. Yes, sir. United States nitrate plant No. 2 is located at Muscle Shoals, Ala.

The CHAIRMAN. What has been the investment there?

Col. JOYES. The expenditures and commitments to date for United States nitrate plant No. 2 amount to approximately \$57,000,000, and I think that they will ultimately amount to \$60,000,000.

The CHAIRMAN. What have you created there?

Col. JOYES. Probably the biggest plant in the world for the manufacture of a single chemical product.

The CHAIRMAN. What is the capacity of the plant?

Col. JOYES. The capacity of United States nitrate plant No. 2 is 110,000 tons of ammonium nitrate per annum. It has been operated successfully to show that it can be safely relied upon to produce at this rated capacity at a very reasonable price.

The CHAIRMAN. What is the cost?

Col. JOYES. The cost has not been definitely determined, and can not be determined until we have had a more extended period of operation, but it is estimated that the cost of ammonium nitrate at full operation would be about 6 cents per pound, and possibly a trifle higher, but it is claimed by the owner of the process that the cost will not be as great as that. Experience to date, running at about one-fifth capacity and for a short period, with the operatives green and with the plant overstaffed (because we were getting men ready for larger operation), indicates that even at this partial operation ammonium nitrate can be produced for a little over 8 cents per pound.

That is the cost of material, superintendence, labor, and repairs, but does not include fixed charges such as interest on investment and amortization, which would increase the cost considerably, depending upon what basis is used for calculating amortization. If the building of the plant were regarded simply as a war measure and the plant were to be amortized in three years, the fixed charge would be very high, but even so the cost, I think, would not go tremendously high. The operating or works cost is the most important consideration.

The CHAIRMAN. What has been the usual cost?

Col. JOYES. Most of the Government contracts for ammonium nitrate have been let at about 15 cents per pound. It has been expected from what we knew of the process used at United States nitrate plant No. 2 that it would probably produce at a lower rate than the United States ammonium nitrate plant at Perryville, Md. At any rate it has been fairly certain that the cost would run close to the cost of producing at the Perryville plant.

The CHAIRMAN. You have been building not only a plant for the making of ammonium nitrate, but you have also been building a series of locks and dams for the creation of the power for the operation of the plant. In figuring this cost have you added any of the expenditures for the utilization of the water power at Muscle Shoals in your statement of some \$56,000,000?

Col. JOYES. No, sir. The Ordnance Department has had nothing to do with water power development, and other expenditures have been only for the ammonium nitrate plant and the necessary steam power development.

The CHAIRMAN. In order to operate this plant, did you build a power plant?

Col. JOYES. Yes, sir.

The CHAIRMAN. And your process requires a very much larger amount of power, does it not, than the process that you are developing at the No. 1 plant?

Col. JOYES. Yes, sir.

The CHAIRMAN. What has been your expenditure in the way of power at the No. 2 plant; do you know?

Col. JOYES. We have spent for power for United States nitrate plant No. 2 about \$17,000,000.

The CHAIRMAN. Has that furnished all the power or have you rented power?

Col. JOYES. That expenditure will furnish all the power necessary for the plant, and in addition something for reserve, safety.

The CHAIRMAN. That is a steam power plant?

Col. JOYES. Yes, sir. It is a steam power plant at United States nitrate plant No. 2 at Muscle Shoals, with a capacity of 75,000 horsepower, with additional boiler capacity for 37,500 horsepower and designs, and excavations made for installing an additional 37,500 horsepower generator unit. The cost of this power plant was included in the cost of the nitrate plant, \$60,000,000. But at an additional expenditure of about \$4,500,000 (which is included in the figure of \$17,000,000 for power plants), we have built an 88-mile transmission line to tap the Alabama Power Co.'s system, which covers the so-called Birmingham manufacturing district, and an addition to one of their steam plants with a capacity of 37,500 horsepower.

The CHAIRMAN. Why was that built?

Col. JOYES. Because in that manner power could be supplied to the manufacturing plant before the power plant at Muscle Shoals could possibly be completed, and thereby the operation of a portion of the manufacturing plant was assured as soon as it could be completed.

The CHAIRMAN. In point of fact, how did that work out; did you get under operating any sooner as the result of this expenditure of \$4,500,000 for outside power?

Col. JOYES. We began to operate the manufacturing plant the 1st day of November. Power from the Alabama Power Co.'s system over the transmission line had been available some little time before that and the first generating unit in the power plant at Muscle Shoals is not expected to be tried out until the middle of January, 1919.

The CHAIRMAN. November; you mean last year?

Col. JOYES. Yes, sir; 1918.

The CHAIRMAN. You just began in last November to make ammonium nitrate?

Col. JOYES. Yes, sir.

The CHAIRMAN. And you will not get power from your own power plant until when?

Col. JOYES. About the middle or end of January, 1919.

The CHAIRMAN. So that the building of this transmission line to the outside plant gave you from November to the 1st of February for operation?

Col. JOYES. Yes, sir; it was available toward the end of July, 1918.

The CHAIRMAN. It was available; but there was nothing to use its availability with?

Col. JOYES. No, sir; because the completion of the plant was delayed. It was expected that part of the plant would be completed and begin operation in July. We had the power over the transmission line by the time the manufacturing plant was expected to be ready to begin operation.

The CHAIRMAN. What value is there to the transmission line, any?

Col. JOYES. I think there is a very high value. In the first place, the United States has a contract with the Alabama Power Co. under which the Alabama Power Co. pays the Government 6 per cent per annum on the Government's investment as long as the Government continues to use current. This is a very fair return considering that we pay only a little more than 4 per cent for the money. The contract also provides that the Alabama Power Co. furnish the Government current at 6½ mills, of which 2 mills are returned to the United States by the Alabama Power Co., which will be received as a payment on the capital costs of the facilities and which will continue until the entire expenditure of the Government is paid. Of course, that will never be achieved because the United States will not continue to take the power; but those are the terms of the contract. Furthermore, even after the United States stops taking power from the company, the contract provides that, at any time within three years after the termination of the war, the United States may require the Alabama Power Co. to purchase the entire installation from the United States at an appraised valuation, the appraised normal cost of the property. The United States, of course, paid an abnormal cost.

The CHAIRMAN. The normal cost of it or the value of it?

Col. JOYES. It is not very definitely specified.

The CHAIRMAN. There may be a very great difference. The normal cost would represent what it cost us, less the abnormal conditions under which it was built.

Col. JOYES. That was the general idea.

The CHAIRMAN. And the value of it might depend entirely upon the use that might be made of the transmission line?

Col. JOYES. Yes, sir. I have misled you in that. I should not have said the "normal cost." The price which the Alabama Power Co. would pay for the plant was left entirely open to the arbitrators who should be appointed in the event that the Alabama Power Co. bought the property. It was not specified that the Alabama Power Co. should buy from us at "normal cost." I was wrong in the use of those words.

The CHAIRMAN. Is there any use whatever for this transmission line except to feed the Government plant?

Col. JOYES. I think that there will be a very great use. The Alabama Power Co. has already asked permission to use the transmission line for selling power to private customers along the line. I think the Alabama Power Co. will find a very good field of usefulness for it in that direction if the United States chooses to sell it to them. If the United States chooses to retain ownership, it will form a feed line over which the power generated at the Muscle Shoals Dam can be carried into and distributed over the Birmingham district, which is a very important industrial district and at the present time wanting more power facilities. The production of the Bir-

mingham district during the war was hampered by the lack of sufficient power.

The CHAIRMAN. Can you put into the record a statement of expenditures at plant No. 2 as to lands, buildings, and equipment, and subsequently the moneys that have been expended in connection with the transmission line?

Col. JOYES. Yes, sir.

Mr. CANNON. Including the housing?

Col. JOYES. Yes, sir. The statement of expenditures at United States nitrate plant No. 2 is approximately as follows:

Land.....	\$200.00
General improvements, including grading roads, water, sewer systems, etc.	5,200.00
Manufacturing buildings.....	11,500.00
Manufacturing equipment.....	17,000.00
Power plant.....	12,500.00
Housing for construction forces and operating employees.....	5,500.00
Subtotal.....	52,000.00
Overhead, including planning and design, purchase, accounting, inspection, police and fire protection, fees, etc.....	8,000.00
Total.....	60,000.00

The statement of expenditures for the steam power plant extension to the Alabama Power Co.'s plant at Gorgas, Ala., is as follows:

Power plant, approximately.....	\$2,870,000
Housing and community facilities.....	180,000
Transmission line.....	875,000
Warrior substation.....	375,000
Muscle Shoals substation.....	200,000
Total.....	4,500,000

The CHAIRMAN. If I caught accurately your statement of expenditures and prospective ones, you stated something over \$56,000,000?

Col. JOYES. Yes, sir.

The CHAIRMAN. And you contemplate having to spend how much in addition?

Col. JOYES. It is contemplated that about \$3,000,000 will be expended in addition, bringing the total up to about \$60,000,000. It is impossible to say what the expenditures on some of the commitments will be. In other words, contracts, which have not been completed, will be settled at a figure lower than the amount of the commitment. But with such a tremendous investment it will be necessary to bring the construction to a point where it will be of value and not leave the plant to tumble down to rack and ruin.

The CHAIRMAN. With that additional expenditure you will have this finished plant?

Col. JOYES. Yes, sir.

The CHAIRMAN. And you have a plant with self-contained power?

Col. JOYES. Yes, sir.

The CHAIRMAN. And a feed line to this commercial power supply?

Col. JOYES. Yes, sir.

The CHAIRMAN. And in addition to that the plan contemplated the use of power to be generated from Muscle Shoals?

Col. JOYES. Yes, sir. I should like to tell you a little more about the power situation to show the value of what has been done at Muscle Shoals in the power line. Dam No. 2, over the Tennessee

river at Muscle Shoals, when completed according to the plans which I have heard talked about—I have no definite official knowledge—but from hearsay the dam is supposed to produce something like 70,000 horsepower of absolutely continuous power 24 hours per day and 3 days of the year, in the dryest year. In other words, 70,000 horsepower is all that can be sold as prime power.

There is a lot more water, however, going over the dam the greater part of the year than the necessary quantity to generate 70,000 horsepower, which it is desirable to turn into power as well. This can be done only if there is a steam plant available for reinforcing, for the dry months, the power generated in excess of the maximum. The steam plant would stand idle most of the year, burning no coal, and would be put into operation only during dry months. The Muscle Shoals steam plant of 75,000 horsepower capacity will, therefore, enable the Government to sell prime power to the amount of 45,000 horsepower instead of only 70,000 horsepower, which is the total that can be counted on to be generated solely by water throughout the whole year. And if the Government retains its interest in the steam power plant at the end of the 88-mile transmission line, the amount of prime power which the Government could sell would be 182,500 horsepower.

The CHAIRMAN. This water-power situation is one where you would have a varying of that degree between your minimum and your flood low. Is there not quite a difference between 60,000 and 70,000?

Col. JOYES. Yes, sir; all systems have a variable flow factor between high and low water. It gives you that condition; you can not get away from that.

The CHAIRMAN. What is the cost of making your hydraulic power?

Col. JOYES. It does not cost anything to make hydraulic power, except an almost negligible maintenance and operation charge. But interest and amortization have to be figured into the cost. I do not see any reason why power generated by Dam No. 2, Muscle Shoals, Tennessee River, ought not to be able to be sold for anywhere from \$5 to \$10 per horsepower-year. I have not figured it. I am not a power expert; but I think that that is reasonable.

The CHAIRMAN. What is the estimated plant cost of the power that you will make in this steam plant?

Col. JOYES. At the present price of coal, I think we are safe in saying that power can be generated in the Muscle Shoals steam plant for about \$30 per horsepower-year. That plant is equipped with one of the most economical turbo-generators in the country.

The CHAIRMAN. What are you paying now for the power from the commercial company?

Col. JOYES. About \$43 per horsepower-year.

Mr. MONDELL. Per kilowatt, how much do you pay?

Col. JOYES. 6½ mills per kilowatt-hour. I think that is reasonable.

The CHAIRMAN. That is a quantity rate?

Col. JOYES. Yes, sir; the Government pays a guaranteed minimum charge. Not being able to give the Alabama Power Co. any idea of the amount of power that would be demanded right along, and intending to use the Alabama Power Co.'s power really only as a reserve after we got going, the Alabama Power Co. said that they must have something to justify them in carrying a force of men to operate the plant and in keeping the boilers warm ready to start.

It takes coal to do that. The contract stated that the United States would pay the Alabama Power Co., while the demand continued, \$30,000 per month, pay them that whether we took any power or not. We were entitled, then, to have \$30,000 worth of power from them at 6½ mills; but the Government had to pay \$30,000 whether the power was used or not; but against that there was an offset amounting to about \$20,000 per month which the Alabama Power Co. would pay the United States as rental for United States property; not a bad arrangement.

Mr. CANNON. This Muscle Shoals plant has not been completed!

Col. JOYES. No, sir.

Mr. CANNON. What have you spent on that and what will it cost to get that extraordinary power from the water at Muscle Shoals?

Col. JOYES. I would not feel justified in making an estimate. This is in the hands of the Corps of Engineers, United States Army. But I can tell you this: The Engineer Corps has allotted to them something like \$13,000,000 to \$13,500,000 out of the \$20,000,000 appropriation under section 124 of the national defense act of June 3, 1916.

Mr. CANNON. From the allotment made?

Col. JOYES. From the appropriation for nitrate plants which was carried in section 124 of the national defense act of June 3, 1916.

Mr. CANNON. You have already expended, including the Alabama transmission, over \$60,000,000?

Col. JOYES. Yes, sir.

Mr. CANNON. This allotment is how much?

Col. JOYES. For the Corps of Engineers, United States Army?

Mr. CANNON. Yes, sir.

Col. JOYES. About \$13,500,000.

Mr. CANNON. That would be \$73,000,000 more or less as the case might be so far expended?

Col. JOYES. The allotment to the Engineers Corps has not been expended but it has been given them to expend.

Mr. CANNON. They have not commenced the work?

Col. JOYES. Yes, sir; the work on the dam has been commenced by the Engineer Corps, but they have not gone very far with it.

Mr. CANNON. I should like to know about this chemical company. Is that mixed up with the Muscle Shoals project?

Col. JOYES. The General Chemical Co., which was mentioned, has no connection whatever with the Muscle Shoals project with United States nitrate plant No. 2. The General Chemical Co. have a connection with United States nitrate plant No. 1, simply the connection that they devised the process and licensed to the United States for use and they helped the United States to install it as engineers. There is a company—the American Cyanid Co.—which is connected with United States nitrate plant No. 2. The American Cyanid Co. have licensed their process to us and created a subordinate corporation whose sole purpose was to contract with the United States to plan to build and operate the plant for us, giving to the United States all of their secret processes and practical experience and the services of about eight of their higher officials and technical men.

Mr. CANNON. They have volunteered that?

Col. JOYES. I do not mean that they rendered that service with-
ayment.

Mr. CANNON. You paid them?

Col. JOYES. The American Cyanid Co. and its subsidiary, the Air Nitrates Corporation, which was organized exclusively for that purpose, received a good payment for that service. They got a construction fee for the planning and building of the plant. The contract called for an operating fee of a quarter of a cent per pound on the ammonium nitrate made in the plant, that is, aside from a royalty charge which was about equivalent to the operating fee.

Mr. CANNON. Has there been any arrangement made by which they can take over the plant?

Col. JOYES. The only thing said about that in the contract was that the United States agreed to give the American Cyanid Co. a chance to buy on as favorable terms as it was offered to anyone else.

Mr. CANNON. Now, I want to ask you what this ammonium nitrate is useful for—fertilizer?

Col. JOYES. Ammonium nitrate is useful to some extent for fertilizer, but it has never been used very much for that purpose. Its prime purpose was for the war, for high explosives, for shell filler.

Mr. CANNON. And when the war is over—

Col. JOYES (interposing): It has no further usefulness in that connection except as it may safeguard us in a future war; and the real argument for building United States nitrate plant No. 2 was to get ammonium nitrate, which it was decided we needed very desperately, and at the same time we discovered the need for that ammonium nitrate we found there was very great stringency in the supply of Chilean nitrate, and therefore we would have felt considerably embarrassed in obligating ourselves to make the ammonium nitrate we had to have out of Chilean nitrate. We would have preferred, of course, to put up a similar, easier constructed plant such as we have at Perryville to make our ammonium nitrate, but that would require for every pound of it made a certain amount of Chilean nitrate which it was difficult to get, requiring ships which might be interfered with at any time, and plant No. 2 avoided the use of Chilean nitrate. It also, incidentally, avoided the use of a great deal of by-product coke-oven ammonia and sulphuric acid used to make ammonium sulphate.

Mr. CANNON. So that with all this outlay, the war having closed, this is practically of no use to the Government?

Col. JOYES. No, sir. I do not agree with you, Mr. Cannon, in that, because I think the plant has a chance of some real commercial use. Perhaps not in full commercial competition with other products, but certainly it can produce a large amount of valuable fertilizer if Congress wishes it to.

Mr. CANNON. I understand that ammonium nitrate is not good for fertilizer.

Col. JOYES. Ammonium nitrate is a fertilizer, but it is not in the best form to put on the ground and for mixing in a complete fertilizer and later putting on the ground, because it absorbs moisture too readily. Ammonium nitrate absorbs moisture from the atmosphere and becomes damp and when it dries it will cake. When it is put on the ground, rain will dissolve it entirely and it leaks through the soil too rapidly, and it is therefore not a good fertilizer.

Mr. CANNON. But it will not compete with the other fertilizer or with the Chilean nitrate, will it? What is the cost of Chilean nitrate in normal times?

Col. JOYES. Before the war the price of Chilean nitrate was a little above 2 cents per pound.

Mr. CANNON. And what was the estimated cost of this nitrate for fertilizer—however, you did not figure on that in competition with the Chilean nitrate?

Col. JOYES. No, sir; but we did figure on the possibility of the plant producing a fertilizer product, after cheap water power was available; not ammonium nitrate, but a fertilizer product that would be able to compete with Chilean nitrate.

Mr. CANNON. But that was problematical and had to be developed.

Col. JOYES. That has never been done, but I think there is a good chance of its being satisfactorily developed.

The CHAIRMAN. What difference in cost will you get in the manufacture of either a fertilizer or ammonium nitrate by the use of the water power as against your steam plant?

Col. JOYES. There would be a reduction of the manufacturing cost of a pound of ammonia of about 30 per cent by the use of water power at \$5 per horsepower-year, against the price of about \$30 per horsepower-year, which it is now costing.

Mr. MONDELL. That is based on an "if," however.

Col. JOYES. What is the "if"?

Mr. MONDELL. If you can reduce the cost of the water power to \$5.

Col. JOYES. If we change from steam power to water power we are bound to reduce cost.

Mr. MONDELL. But you have not developed the fact that you can reduce it to \$5 per horsepower.

Col. JOYES. Yes; I think that is rather strained. I took a pretty large margin there, I think.

Mr. MONDELL. That is, you put it very low?

Col. JOYES. Yes; but suppose we were going to get water power at \$10 per horsepower-year (that would be reasonable if you get the water power from a Government installation where the money is secured at a low rate of interest and the builder does not figure on a profit on the investment) and steam power can not be gotten for less than \$40 per horsepower-year anywhere.

The CHAIRMAN. But you have got your steam plant and you have got it from Government money, and any factor that you want to figure in, which I do not personally agree to at all, of either cheap money for the Government or no profit on it, applies equally whether you get your power from a steam plant or from a water-power plant. because the investment is governmental in each case.

Col. JOYES. Yes, sir.

The CHAIRMAN. The thing I am struck with is that you will have down there not only a steam plant but a water-power plant.

Col. JOYES. We hope to have a water-power plant.

The CHAIRMAN. You do not need both, if your water power is what it professes to be.

Col. JOYES. Mr. Sherley, that is not the idea I have from a considerable study of the water business. The best water power that can be found and the kind that all water-power investors are looking for is a combination of steam and water power; water power which has a steam stand-by. You will not find a water-power company in the country, probably—oh, yes; you will find some—but rather I

should say you will find that nearly all the big water-power companies have a steam stand-by; is not that correct?

The CHAIRMAN. I should say the reason for that was simply because they find a commercial need for more power than they can produce by water 365 days in the year.

Col. JOYES. Yes; that is the keynote to the whole thing.

The CHAIRMAN. But that is not the problem here. The problem here was to develop a water power for this plant and you have 365 days in the year a water power capacity in excess of the need of this plant.

Col. JOYES. I do not know that I would agree with that, Mr. Sherley, because, of course, you are speaking with a view to what the Congress had in its mind, very likely, when it made the appropriation for the nitrate supply project, which was really one for investigating the artificial methods for making nitrate. That is one point of view; but the Ordnance Department went into this particular matter of the No. 2 plant as a war emergency pure and simple, emphasized and supported by the fact that what was spent down there for the war emergency would have a commercial value; but that was not a factor in the real problem. The United States had to have ammonium nitrate or we could not carry on the war. There was no getting away from that proposition at all. We had to look around and see where we could get it and what we could make it out of. We had exhausted the possibilities for getting ammonia from the by-product coke ovens. The number of by-product coke ovens had been increased all over the country and several million dollars was spent in that. I would not say that the end of the millions of dollars that could have been spent for this purpose had been spent, but the limit of what the industries of the country could construct in a given time had been reached. Something had to be done. That was the ammonia side of it. That is what limited us as to the source of ammonia for ammonium nitrate. Then the acid necessary for making ammonium nitrate had to be made out of Chilean nitrate unless a fixation method was tried. At that time the supply of Chilean nitrate was very low. There was possibly three months' reserve in the United States. (That is probably exaggerated and I doubt if it was that high.)

The CHAIRMAN. Colonel, we may not quarrel at all as to the imperative need that existed for the creation of a plant for the making of ammonium nitrate. That plant you have created, and you created it by provision for buying power and also by a steam plant. Now on top of that comes a proposal for the development of water power in addition.

Col. JOYES. With that I have nothing to do at all. There is no connection between the nitrate plant and the water power development of the river, which is with the Engineer Corps of the United States Army. When I speak of the water power development it is to say what might be expected in the way of benefit to this manufacturing plant from a cheaper source of power when the dam is completed, and it is argued that the steam plant which has been completed in connection with United States nitrate plant No. 2 will add to the value of the water power development. Suppose there are customers for a certain amount of power and that amount is higher than what the dam can produce by water power pure and

simple for 365 days a year, then this production can be boosted with the steam power and the total amount of 365-day water power plus the amount of power generated by the steam plant, can be sold. That is the whole of it.

Mr. MONDELL. Colonel, what did you say was the estimated horsepower need of your Muscle Shoals plant?

Col. JOYSE. About 110,000 horsepower continuous.

Mr. MONDELL. And how much steam power have you developed—how many horsepower?

Col. JOYSE. There has been developed about 110,000 electrical horsepower by means of steam at Muscle Shoals and at Gorgas, Ala., in connection with the Alabama Power Co.

Mr. MONDELL. My question is this: You say the plant running full capacity will require 110,000 horsepower for its operation? (Original stated 80,000.)

Col. JOYSE. Yes.

Mr. MONDELL. Now, my question is how much horsepower have you developed in the way of steam power?

Col. JOYSE. One hundred and ten thousand horsepower.

Mr. MONDELL. You have then already installed and completed, or practically so, 110,000 steam power, or enough to run the plant? (Original gave 80,000 horsepower.)

Col. JOYSE. That is under way, but not entirely completed. The materials have been ordered and commitments made for them. There is about three months' work to complete the Muscle Shoals power plant.

Mr. MONDELL. Assuming you complete it, and I presume you intend to do so—

Col. JOYSE. Unless we are stopped we certainly do.

Mr. MONDELL. It will give you the complete capacity in steam power.

Col. JOYSE. Yes, sir.

Mr. MONDELL. What will be the cost of that steam plant for the production of 80,000 horsepower?

Col. JOYSE. The cost of building the Muscle Shoals power plant will be about \$12,500,000, and it will have a capacity of about 75,000 horsepower.

Mr. MONDELL. Completed?

Col. JOYSE. Yes, sir. That figure not only includess the completed power plant of 80,000 horsepower, Mr. Mondell, but it includes the installation of boilers sufficient for additional 40,000 horsepower and an extension to the buildings and excavations and designs to permit the installation of an additional 40,000 horsepower generating unit, which it was at one time expected would be required.

The CHAIRMAN. Colonel, the committee clearly understands, then, that the future expenditures there will be around \$3,000,000 (original gave \$5,000,000) and that those expenditures are to take care of existing commitments and are for the purpose of completing the plant as a steam-power plant for the making of ammonium nitrate?

Col. JOYSE. Yes, sir.

Mr. CANNON. You have spoken of one or two other places where you make this same product. Where are those plants?

Col. JOYSE. One at East Toledo and one at a place called Ancor, near Cincinnati, Ohio.

Mr. CANNON. Now, you get great supplies of this material—I know you get a supply of sulphuric acid in very large quantity from a zinc plant in my little city or adjacent thereto—and sulphuric acid figures in all this, does it not?

Col. JOYES. No sulphuric acid is used, sir, in this process. The only materials used are limestone, coal, and coke. That is practically all.

Mr. CANNON. You get your coke from all the mines?

Col. JOYES. At Muscle Shoals they are getting coke from quite a distance now because of Fuel Administration allotments, but coke is made in the Birmingham district and at Decatur, which is closer than Birmingham to the plant, and at several places in east Tennessee, but the Birmingham district would be the natural source except for the artificial rules of the Fuel Administration.

TOLEDO, OHIO, PLANT NO. 3.

The CHAIRMAN. Your third plant was at Toledo?

Col. JOYES. Yes, sir.

The CHAIRMAN. How much was that plant to cost and how much has been expended there?

Col. JOYES. It was expected that United States nitrate plant No. 3 would cost roughly \$23,000,000.

The CHAIRMAN. How much has been put into it?

Col. JOYES. The commitments amount to a trifle over \$9,000,000.

The CHAIRMAN. How much are you going to spend on it?

Col. JOYES. No more is going to be spent for this plant than is absolutely necessary. I believe that when the matter is finally closed up the net expenditures will be below that amount, because it is expected to reduce some commitments by a settlement. Every order is being canceled that can be canceled. I went over 100 or more settlements recently, not all relating to plant No. 3, where manufacturers were willing to cancel their contracts without remuneration.

The CHAIRMAN. What are you going to do with this plant?

Gen. WILLIAMS. We want to make an ammunition plant out of it. That is our recommendation.

The CHAIRMAN. How far has that plant come along physically?

Col. JOYES. There are a number of buildings standing, good steel frame with masonry walls, buildings that would be of sufficiently general utility to permit any industry that went there to get some good out of them.

The CHAIRMAN. Has any installation of machinery taken place in any of the buildings?

Col. JOYES. I think that practically no machinery has been installed in the plant. The plant was started in June, when the ground was developed, roads, railroads, water supply, sewerage, and all of that sort of thing, were made. These facilities are very thoroughly done throughout the plant, and then a construction camp for about 1,500 men was built; not of great capacity, because the plant is near Toledo and a large construction camp was not needed. The permanent buildings were then commenced, and two large buildings have been essentially completed, together with three or four smaller masonry buildings. There are several of the large

masonry buildings that are sufficiently advanced to be worth noticing. All of the other buildings have their foundations and are ready for steel, and a good deal of the steel is on the ground, as it could not be stopped in time to prevent delivery. It had all been ordered and is included in the figure that I gave you.

The CHAIRMAN. Have you built a power plant there?

Col. JOYES. No, sir.

The CHAIRMAN. Were you contemplating building one?

Col. JOYES. No, sir; the plant was built at Toledo because it would not be necessary to build a power plant. It was contemplated, however, to finance some extensions to the commercial power plant at Toledo, i. e., a contract was being negotiated by which the power company would have been loaned perhaps a million and a half dollars with which to buy and install new machinery, to increase their capacity so that the plant would have a safer reserve of power. But it was planned that the power company ultimately would repay the United States in toto for the expenditure.

The CHAIRMAN. But you did not have to do that.

Col. JOYES. No, sir; and have not spent a penny on that.

The CHAIRMAN. So that, practically speaking, what you have there are a number of buildings that can be adapted to any industrial use and, presumably, you will have to take a certain amount of machinery that you will not have any use for?

Col. JOYES. Yes, sir.

The CHAIRMAN. General, you say it is the desire of the War Department to do what with this plant?

Gen. WILLIAMS. It is our recommendation that this plant be made into an ammunition plant. That recommendation has been made to Mr. Crowell, the Director of Munitions, but we have not yet had either approval or disapproval.

The CHAIRMAN. A plant for making what sort of ammunition?

Gen. WILLIAMS. The metal components for artillery ammunition.

The CHAIRMAN. Is it your idea to equip it with machinery which the Government now owns in plants that are not Government owned?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. And by assembling the machinery at plant to have a Government arsenal?

Gen. WILLIAMS. To have a Government arsenal whose sole purpose would be the manufacture of metal components for artillery ammunition.

The CHAIRMAN. How much land have you at this plant?

Col. JOYES. In the neighborhood of 400 acres above water, and the property line runs out to the harbor line. I think that is what they call it. So that there is really about 200 acres more which in the course of time, if there is any dumping there, will fill up. That is always figured in.

The CHAIRMAN. Have you deep water there?

Col. JOYES. There is deep water about 100 yards from shore and a dock has been started. Dredging the channel from the dock to the main channel had also been started. The cost of dredging now would be approximately \$100,000.

The CHAIRMAN. Are you below Toledo?

Col. JOYES. We are directly opposite Toledo. Toledo is on the west bank of the Maumee River at its mouth and we are on the east side in what is called East Toledo.

Mr. CANNON. How much has been expended on this plant?

Col. JOYES. About \$9,000,000, or a trifle over that.

Mr. CANNON. How much is contemplated to be expended in addition?

Col. JOYES. It is not expected to expend materially more than \$9,000,000. The net expenditure may show a little less than that.

Mr. CANNON. To make it workable and to have it all complete, what will it cost?

Col. JOYES. About \$23,000,000.

Mr. CANNON. You have spent \$9,000,000 on it?

Col. JOYES. Yes, sir.

Mr. CANNON. If you stopped now and junked it or disposed of it, there would be a saving of \$18,000,000?

Col. JOYES. That saving of \$18,000,000 would be based on the first estimate of \$27,000,000, that being the basis upon which I got my original allotment, but when we became sufficiently acquainted with the particular conditions and prices, we figured or estimated that the plant would cost us \$23,000,000 instead of \$27,000,000.

The CHAIRMAN. In point of fact, your investment, so far as it relates to your project for the building of the ammonium nitrate plant will be \$9,000,000 or less?

Col. JOYES. About that, yes, sir. It stands now at \$9,162,000, and we will get out for less.

The CHAIRMAN. By cancellations?

Col. JOYES. Yes, sir. On the other hand, there might be some unforeseen troubles or errors that might make that a trifle more, but the probabilities are that it will be less.

Mr. MONDELL. Of the \$9,000,000, approximately, what proportion is for buildings and what for machinery?

Col. JOYES. About \$4,700,000 is for buildings and real estate improvement and that sort of preparatory work and \$3,600,000 was estimated for operating material and equipment. The two together—

The CHAIRMAN (interposing). Make the total present expenditure with the value of the land \$9,150,000.

Col. JOYES. I was stating the first figure broadly in round numbers. The sum of it was \$8,300,000, and the land and incidentals that had not been included in the other figures make up the total of \$9,150,000.

The CHAIRMAN. You will have, then, approximately in land improvements, in roads, sewers, buildings, etc., something like \$6,000,000 plus?

Col. JOYES. Yes, sir.

Mr. MONDELL. And, as to the remainder, assuming that the buildings were used for other purposes, the machinery is free for use somewhere else or it can be disposed of?

Col. JOYES. The contracts for some of it can be canceled. Part payment will be made on some of it to get out of contracts.

The CHAIRMAN. General, has any estimate been made as to the cost that would be incident to the equipment of this plant for the manufacture of metal parts for ammunition?

Gen. WILLIAMS. The board that investigated the subject gave a round estimate of \$1,000,000. I would not want to stand by that estimate, however.

The CHAIRMAN. It was that item of expense that was alluded to a day or two ago in connection with the testimony as to the probable

expense that there would be in connection with the appropriation for field-artillery ammunitions?

Gen. WILLIAMS. That is probably one of them.

The CHAIRMAN. There were one hundred million and some odd dollars to be spent for the balance of the year, but as I recall it, the officer testifying stated that he figured something like \$2,000,000 for the removal and reassembling of machinery that was now owned by the Government, and I take it that \$1,000,000 of that contemplates the carrying out of the project you spoke of?

Gen. WILLIAMS. I can not answer that, because I do not recall the circumstances.

The CHAIRMAN. Will you place in the record in connection with each one of these plants a statement showing the division of expenses touching lands, buildings, machinery, etc.?

Col. JOYES. Yes, sir, I will do so.

Below is a statement of the estimated approximate expenditures and commitments at United States nitrate plant No. 3:

Land.....	\$850,000
Buildings and other improvements.....	4,700,000
Manufacturing equipment.....	3,600,000
Total.....	9,150,000

ANCHOR, OHIO, PLANT NO. 4.

The CHAIRMAN. Now, your fourth plant was to be at Anchor, Ohio.

Col. JOYES. It was really at a station called Broadwell, on the L. & N. R. R., just outside of Cincinnati. It is 6 miles outside of Cincinnati.

The CHAIRMAN. The plant was to cost how much money?

Col. JOYES. Practically the same as the other, or, perhaps, \$500,000 more. Originally the estimate was \$27,500,000, but a later preliminary estimate was \$23,900,000. We estimate the commitments, etc., to be a little over \$9,000,000.

Below is a statement of the estimated approximate expenditures and commitments at United States nitrate plant No. 4:

Land.....	\$400,000
Buildings and other improvements.....	5,400,000
Manufacturing equipment.....	3,500,000
Total.....	9,300,000

The CHAIRMAN. My impression was that practically nothing had been done at those two plants.

Col. JOYES. Somebody misinformed you.

The CHAIRMAN. My impression was that the expenditures were going to be very much less at those plants. The testimony before this committee at the time of the deficiency bill was to the effect that they did not contemplate completing those two plants, as I recall.

Col. JOYES. There is some mistake about that. Of course, there is a difference in looking at the plant itself for an estimate of the expenditures and in looking at books. In this case material was ordered just as fast as possible. Progress on these two plants was much more rapid than on the Muscle Shoals plant. Then, the same

thing had been done once before. We knew exactly where to go for machinery, and, consequently, it was a much simpler matter to order it. The orders went out as fast as they could be gotten out. We got a real war-time move on when we did start.

The CHAIRMAN. Your expenditures, you think, will amount to what sum at this fourth plant?

Col. JOYES. In the neighborhood of \$9,000,000 or a trifle more. Possibly in the final settlement there will be a little saving on that.

The CHAIRMAN. What are you going to have there?

Col. JOYES. A good piece of land and some buildings erected. There are some small buildings completed and some of the larger buildings are very nearly completed. In the case of other buildings the foundations are completed and some of the steel is on hand, and some of it we will be able to stop. There are also a number of frame buildings and some temporary storehouses. There are a number of construction camp barracks and some little dwelling cottages.

The CHAIRMAN. In connection with the buildings that are under way, what have you done? Have you stopped short off, or have you undertaken to complete them? What has been your rule?

Col. JOYES. We made an inspection after the signing of the armistice and the general rule followed was this: It was contemplated to stop the work as quickly as possible, but it was not desired to throw all of the men out of work right away, and it was not considered good policy to leave new structures which would have been completed and which might have any chance of usefulness in a shape that the money that has been put into them would be utterly thrown away. So work was authorized to continue on some of the buildings. Some of the buildings had brick walls three-fourths up and it was considered much better to complete those walls and provide some kind of roof over them than to leave them simply as ruins. With other buildings for which the steel was 90 per cent erected and the rest of the steel delivered on the ground, it was thought better to put up the remaining 10 per cent and have the whole of the steel connected as a complete building than to have the steel scattered around with the danger of being lost. However, in such cases no rivets were driven. Bolts were used so that the steel could be taken down easily.

Mr. VARE. What are you doing where a building is 50 per cent completed?

Col. JOYES. As a general thing they were stopped off as short as possible.

Mr. CANNON. How far is this plant from Cincinnati?

Col. JOYES. About 6 miles by rail and probably more by road, or else it is just the other way around. It is between six and nine miles from Cincinnati.

Mr. CANNON. You have a lot of housing there, have you not?

Col. JOYES. Not very much. We had to put a construction camp there. I think there were 100 little cottages built for the families of the workmen that would have been used in housing the permanent operating force of the plant. They are little four-room buildings of cheap frame construction.

Mr. CANNON. They will rot?

Col. JOYES. They will not be of any great permanency.

The CHAIRMAN. What do they propose to do with this plant? Have you any plans?

Gen. WILLIAMS. No, sir. Some of the buildings may be suitable for storehouses for the time being.

Col. JOYES. There is considerable hope that a purchaser may be found for the whole property. The people of the city of Cincinnati are anxious to have such prospect and they are interesting themselves in that they have a committee appointed trying to suggest to the Government some possible purchaser.

The CHAIRMAN. How much land is owned there?

Col. JOYES. The original plan was to purchase about 1,300 acres, but only about half of that will be purchased.

The CHAIRMAN. Is it on the Ohio River?

Col. JOYES. No, sir, it is on the Little Miami River. It is perhaps 4 or 5 miles on a beeline to the Ohio River.

The CHAIRMAN. Is the river navigable there?

Col. JOYES. No, sir, it is not navigable except for canoes.

Mr. CANNON. It is near a cemetery, is it not?

Col. JOYES. I think there is a cemetery out that way.

PLANT FACILITIES AT MIDVALE FOR FIELD ARTILLERY.

(See pp. 841, 1050.)

The CHAIRMAN. Colonel, at Midvale the Government has made quite an investment in connection with the creation of plant facilities?

Col. BARBA. Yes.

The CHAIRMAN. Do you recall how much money we have spent there?

Col. BARBA. The actual expenditures to date, you mean?

The CHAIRMAN. First, I should like to know what the project called for and next the amounts that have been expended there and to what extent, if at all, we will have to make further expenditure.

Col. BARBA. The project was for the purpose of building complete six 16-inch howitzers per month, purely a war time expansion of facilities, and was estimated to cost about \$900,000 inside the original plant of the Midvale Steel Co. and about \$8,900,000 on land condemned and acquired by the Government almost adjacent to the Midvale property, upon which land the buildings and machinery were to be built by the Midvale as an engineering operation without cost, except for such operation, and the whole then to be the property of the Government, including the \$900,000 within the old Midvale property, making a grand total of \$9,800,000.

The CHAIRMAN. To what extent have we made such expenditure?

Col. BARBA. The land has been acquired and buildings have been provided and partly erected and commitments for machinery undertaken and the machinery is partly completed, the whole aggregating \$6,711,044.

The CHAIRMAN. What is proposed to be done at this plant?

Col. BARBA. The proposal is to stop operation, since it was purely a war-time expenditure, and to redistribute the material of which the Government must complete the purchase, and to use that material in some new locality for peace-time production at a less rapid rate than six guns per month.

The CHAIRMAN. If I understand you, to the extent that you are committed to the taking of the machinery, you propose to take that and assemble it in some other Government plant for manufacturing use in the future?

Col. BARBA. Exactly.

The CHAIRMAN. What arrangement, if any, has been made touching the use of the buildings and the ground?

Col. BARBA. The buildings have all been stopped with the exception of one machine shop, which was practically erected and roofed and for which the curtain walls had been partly built. Those walls are being completed merely to protect what has been spent and to provide a place to receive and house the machinery which is being manufactured and completed, pending the final location of this machinery.

The CHAIRMAN. The other buildings were completed buildings?

Col. BARBA. No, indeed. The steel was just commenced, some columns are under erection, and the whole of the buildings are being allowed to stand just where they are, and further fabrication of steel in the bridge shop has been stopped.

The CHAIRMAN. The Midvale people were themselves manufacturing the structural steel for the buildings?

Col. BARBA. No, sir; it was purchased outside.

The CHAIRMAN. Was any arrangement made at the time the project was entered upon with the Midvale people for taking over any of this property?

Col. BARBA. I can not answer accurately, Mr. Sherley, as to that, but from my general knowledge of that situation I think no such arrangement was made, because some of the officers of the Midvale Co. expressed themselves to me that they would be glad to see the Government take the whole property away at the termination of the contract.

The CHAIRMAN. Since the armistice have there been any negotiations with the Midvale people looking to their acquiring the property?

Col. BARBA. I know of none.

Col. SARGENT. Mr. Jones, of Philadelphia, has been looking about the property and also the Du Pont people have been talking of it as a favorable shop in Philadelphia.

The CHAIRMAN. Has the ground a manufacturing value disconnected from the Midvale plant?

Col. BARBA. It is one of the best pieces of manufacturing property in the city of Philadelphia.

The CHAIRMAN: It will have a value irrespective of the desire of the Midvale people to acquire it?

Col. BARBA. Yes, sir. To illustrate, quite out of the blue sky a letter came to me from a neighboring manufacturer—of course, I am a Philadelphian and am acquainted with these men—and he had an idea that if the Government disposed of this land he wanted to have a chance to buy in a certain very choice portion. I referred him at once to the salvage board, which doubtless will have that matter in its care, and told him that I personally knew nothing about the arrangements, but in answer to your question it has right now a very high value as a manufacturing tract.

The CHAIRMAN. Do you recall what amount of money was spent for the land?

Col. BARBA. Yes, sir. There were 23 and a fraction acres in the tract, as I remember, and it was to be condemned at a value of \$6,700 per acre average.

The CHAIRMAN: Was it so condemned and acquired?

Col. BARBA. I can not answer accurately. I think I can get that information for you.

The CHAIRMAN. And put it in the record?

Col. BARBA. Yes.

LAND PURCHASED BY MIDVALE STEEL CO.

Land in process of acquirement consists of the following parcels:

(a) Purchased from Henry R. Shoch estate, 17.27 acres, at \$8,725 per acre, making a total of \$150,680.75.

(b) From Tabor Manufacturing Co., 4.94 acres in process of condemnation. Amount to be paid not as yet determined, but it is thought that \$100,000 will be required to secure this piece of property.

There are no improvements on either the Shoch property or on the Tabor property: the Tabor property being the choicest parcel as to highway and railway facilities.

(c) The brickyard operated by the Strouse holders 2 acres in extent. Land and building being condemned; proceedings not yet completed. It is thought that \$55,000 will be required for this piece of property.

(d) American Insulating Co., 1 acre of land entirely covered by a new building which has been secured for a purchase price of \$175,000. This building has been remodeled and turned into an office and administration building for the operation of the plant, which work has been finished.

Summary.

	Price.
Shoch estate, 17.27 acres.....	\$150,680.75
Tabor Manufacturing Co., 4.94 acres.....	100,000.00
Strouse property, 2 acres.....	55,000.00
American Insulating Co., 1 acre.....	175,000.00
Total, 25.21 acres.....	480,680.75
Average per acre.....	15,107.00

The CHAIRMAN. Do you know whether, in point of fact, title has completely passed to the Government?

Col. BARBA. I do not know.

The CHAIRMAN. Please procure that information and put it in the record.

Col. BARBA. Yes, sir; I will.

REAL ESTATE AT MIDVALE PLANT.

With the consent of the Secretary of War we have purchased real estate for the machining plant, as follows: Shoch estate, 15.6628 acres, at \$8,725 per acre; Dobson estate, 1.6185 acres, at \$8,725 per acre.

The Strouse property was the subject of condemnation because the owner was asking \$75,000 for a brick plant and 1 acre of land. Later the Secretary of War, on the recommendation of the United States attorney, authorized the settlement of the case at \$55,000.

The American Insulation Co. tract of 2 acres was the subject of condemnation proceedings and the United States attorney is now recommending the settlement of the case for \$175,000. This property is improved with a good building.

The Tabor Manufacturing Co. tract of 4.9427 acres is the subject of condemnation still pending. There has never been an opportunity of buying this land at a price which seems reasonable.

(The above information was furnished by Maj. R. H. Hawkins, Ordnance Department, United States Army, contract section, as per his letter of Jan. 14, 1919.)

The CHAIRMAN. The machinery that you are getting will be machinery available for gun manufacture; in other words, you are getting completed machinery?

Col. BARBA. Completed machinery of the most advanced standard types.

The CHAIRMAN. Are you taking all of the machinery that was involved in the original project or to what extent are you having to take it?

Col. BARBA. That matter is now being worked out by the district claims board on the ground, and I am not informed as yet as to the percentage of this machinery that we shall have to take, but from figures which Col. Sargent has here it would look as though we would have to take at least 50 per cent of the machinery.

The CHAIRMAN. This machinery is for the manufacture of large howitzers?

Col. BARBA. Sixteen-inch howitzers.

The CHAIRMAN. And carriages as well as the tubes?

Col. BARBA. No; simply the finished gun itself without the mount.

The CHAIRMAN. We have no machinery now at our gun plants sufficient to manufacture howitzers of that size?

Col. BARBA. Yes, sir, that gun and these additional guns could be manufactured at Watervliet by the purchase of rough machine forgings as was contemplated in this Midvale contract, but not at the intensive rate of manufacture of six guns per month.

The CHAIRMAN. Is it the idea to place the machinery at Watervliet or is there capacity there for it?

Col. BARBA. It is recommended to place practically all of this machinery at Watervliet.

The CHAIRMAN. To continue that as your big and exclusive gun plant?

Col. BARBA. In the larger calibers; yes, sir.

The CHAIRMAN. Did not Neville Island contemplate the making of large guns also?

Col. BARBA. Yes, sir, Neville Island was purely a wartime proposition as designed.

The CHAIRMAN. But is it not proposed to go forward with the creation of a plant there for the manufacture of large caliber guns?

Col. BARBA. The matter of the continuation of the plant there and of the character of the plant is under advisement, and the Steel Corporation who hold the contract for the plant are very busily at work, producing alternate designs to that which constituted the first Neville Island plan; so that the plant which might be erected there would have a wider scope and produce a more diverse line of products than was first intended, the first intention having been for 12 finished guns and 3 rough guns per month of 14-inch 50-caliber size only.

The CHAIRMAN. What is the present capacity of the Watervliet Arsenal for large-caliber guns?

Col. BARBA. The Watervliet Arsenal in 14-inch and 16-inch rifles, 50-caliber, which to-day represent the large guns which properly should fall in answering your question could be produced at Watervliet with its present facilities at the rate of one and one-half guns per month. They can extend their present shops with a comparatively small expenditure, which has been requested, under date of October 8, by the commanding officer, of \$1,300,000 to provide some additional tools which would need to be ordered, and some rearrangement; this, when completed, would give them a producing capacity per month of three such guns.

The CHAIRMAN. Have they capacity for guns of larger caliber than 16-inch?

Col. BARBA. Their capacity now is 16-inch, 50-caliber, rifles. Of course, a howitzer being a 16-inch, 18-caliber gun could easily go into the same equipment.

The CHAIRMAN. What I wanted to know was whether there was any capacity at Watervliet for those larger caliber guns.

Col. BARBA. It would require but a very small extension of the lengths of certain of the machine tools at Watervliet designed for a 16-inch, 50-caliber, to be transformed into that which will produce an 18-inch, 50-caliber.

The CHAIRMAN. Of course, that contemplated the forgings to be made elsewhere?

Col. BARBA. Yes, sir.

The CHAIRMAN. They produce no forgings?

Col. BARBA. None whatever.

The CHAIRMAN. Have they not a small forging plant?

Col. BARBA. Only for shop maintenance, for the making of shop tools, not for gun forgings at all.

The CHAIRMAN. Your expenditures then at Midvale will total about \$6,000,000?

Col. BARBA. Between six million and seven million dollars, probably nearer seven million than six million dollars. That matter is still in adjustment.

The CHAIRMAN. Please state in the record, in addition to the land cost, just what data you have available as to the expenditure and what it will have gone for? Part of that will be for buildings and part will be for machinery, and so forth.

Col. BARBA. Yes, sir; I will do so. (See p. 1040.)

NEVILLE ISLAND PROJECT FOR FIELD ARTILLERY.

(See p. 1050.)

The CHAIRMAN. Taking up Neville Island—that project as originally outlined contemplated what expenditure?

Col. BARBA. The project as originally outlined contemplated an expenditure of \$40,000,000 which was for a comparatively small production of 14-inch 40 caliber rifles only. Later while the whole project was being discussed, the General Staff handed down a request that the calibers be lengthened to 50 calibers. That at once increased the expenditure and increased the time required to produce the guns by a very much greater proportion than would be represented by ten on forty. The rate must drop very rapidly with the increased length of the guns. That project was under advisement all during the early months of 1918, until on April 30, the office of the Chief of Ordnance sent to the Procurement Division a letter advising them that the plant should be built to accommodate 15 14-inch 50 caliber guns per month, of which three would be finished at Watervliet and 12 at Neville Island, and that all of them should be in commission in time for the spring campaign in France in 1920.

Those increases in quantity as well as in rate of production made necessary instantly a very large expansion of the producing facilities, because a unit of a plant can produce a gun only in so much time. If, therefore, the gun should go through the units of the plant in series, less plant need be provided, but if they must go through the units in parallel, of course more units must be provided. That made \$40,000,000 a wholly inadequate sum. Then, on May 28, 1918, the

contract with the Steel Corporation was made in very general terms, that they were to build such plant as was required by the Ordnance Department. About the same time there came the need for the manufacture of projectiles for these same large guns, both those proposed to be built at Neville Island, those proposed to be built at Midvale, and those in the process of being converted and turned into railway artillery for shipment abroad. At that time the number of projectiles of 12, 14, 16, and eventually 18-inch caliber, said to be required, amounted to about 40,000 per month, which required a very large tonnage of steel. That led the Steel Corporation to design, as their instructions called for, a plant to produce this material at the required rate for use early in 1920. That resulted in plans being prepared by them and submitted at a meeting in the Steel Corporation's office on July 29, 1918; which was attended by the Neville Island committee, appointed by the Chief of Ordnance and by Mr. Crowell, in whose care the whole project lay.

These plans were then presented and in general agreed to. They covered about 550 acres of the 1,100 acres comprising the whole extent of Neville Island. After the plans as planned were laid before these gentlemen on the table and roughly gone over, Mr. Crowell asked for an estimate of the cost as prepared by the Steel Corporation for the plant which would produce the material that I have described. When Judge Gary read off the amounts they totalled approximately \$150,000,000, with all of the details of which you are familiar. Mr. Crowell immediately withheld any concurrence in such an expenditure, and the next day asked all of us to think over what could be done to reduce the requirement of the expenditure, that he did not think that we were empowered under his then authority to expend so much money as that in the face of \$40,000,000 plus a \$5,000,000 appropriation. The Steel Corporation was very busy in passively, not actively, getting at a revision of those plans, so that by the time the military situation began to improve in October and the requirements from the General Staff became less, Gen. Williams having appointed a board to consider the Neville Island matter as a whole, said board made a request that the Steel Corporation produce a new plan in lieu of the one which was submitted on July 29. To give them something to fix their thoughts upon, they were instructed to base their study upon the production of not to exceed three 14-inch 50-caliber guns per month and only such projectiles as could be manufactured out of the excess steel necessary to be provided to meet the requirements for those guns. That precipitated quite a disturbance. We were summoned to a meeting in the Steel Corporation's office on November 7, when we were informed that the corporation had made 987 subcontracts on the project, had practically taken title to 500 acres of land on the island, and had "committed and obligated ourselves to about \$44,000,000 worth of expenditures." I am quoting now from Judge Gary's statement on that occasion. Gen. Peirce at once asked them to indicate in gross and in detail all the components of the \$44,000,000, so that determination could be had as to what they had to go through with and what could be saved. The land was acquired in various pieces and at various prices. I can not attempt to speak from memory as to what the land cost or how much has been obtained, though I can get that for you if you like.

The information that was requested by Gen. Peirce on November 8th has not yet been forthcoming from the Steel Corporation in spite of quite a number of attempts in every direction to induce them to give us the data on which a consideration can be based as to what to do with the plan that is under consideration similar to what you have just been given concerning Midvale, and the best disposition that could be made of what we are obliged to take.

The CHAIRMAN. Colonel, there is one statement which you made that rather surprises me, that as late as November there was submitted to the Steel people a request for a new estimate as to the cost of a plant at Neville Island, not so large as the one contemplated in July, but certainly very much larger than the one which had been approved by Congress and the appropriation of \$40,000,000 and then of \$5,000,000, because prior to that date there had been a consideration by this Committee and subsequently by the House and the Senate of the enlarged Neville Island project. This Committee refused to carry the money for the enlarged project and so stated on the floor and invited on the floor an amendment increasing the amount carried in the bill in case any one desired to make the proposal in order that the sense of the House might be tested, with a statement that a failure to offer the amendment would be considered as approval by the House of the committee's recommendation that the enlarged program be not authorized. No such amendment was offered and no such additional amount was carried and the deficiency bill went through the House and the Senate without the moneys that had been asked for for the enlarged program.

The CHAIRMAN. Your request of the Steel Corporation in October or November for a part of the capacity you have just indicated had as its basis a contemplated expenditure of about what amount of money?

Col. BARBA. \$45,000,000.

The CHAIRMAN. Then the impression which I may have gotten at first seems to be erroneous. The inquiry for this reconsideration of the matter and for a new plan was with the idea of coming back to the limit of money which Congress had authorized.

Col. BARBA. Entirely so, sir, and in addition not to have it a plant to make only one gun, but the language of the letter expressed the desire that the plans which were requested would be so made as to provide for a more diverse line of output than the one gun which was the basis of the original plant, so that it would then be a real peace-time plant and not for war purposes or one requirement only.

The CHAIRMAN. You have received nothing definite as a result of that request?

Col. BARBA. Not as yet.

The CHAIRMAN. In the meanwhile, has the Steel Corporation been notified that they were not warranted in committing the Government to any additional expenditures?

Col. BARBA. Even more than that, sir, because on November 7 when this meeting in New York was called the Neville Island Board heard for the first time that the corporation had suspended all its operations. The board at that time did not feel warranted, with the war still actively in operation, in precipitating such a disturbance as would occur by the instant stoppage of 987 contracts. Their request dated late in October was for a new consideration of

a new kind and scope and size of plant which could be presented to the Ordnance Department, and then in a conference, which that original letter requested, determine upon the size and producing capacity and probable expenditure. The letter also stated that it was the intention to bring the new design to a sum within the \$45,000,000 appropriated by Congress. Then when the meeting in New York was held, the committee was rather astonished to find that immediately upon receipt of the letter requesting a study of a new plant, the Steel Corporation had instantly stopped work on all its contracts; and it did create considerable disturbance, particularly in the neighborhood of Pittsburgh.

The CHAIRMAN. Have you now any knowledge as to the extent to which the Government is legally committed by virtue of contracts which the Steel Corporation has made?

Col. BARBA. In answer to that question, sir, at that same meeting the board asked Judge Gary to prepare and submit at the earliest possible date a statement showing the obligations and the unescapable commitments of the Government on each and all of those contracts, intending to take to itself the final judgment as to the disposition of such of the equipment as it thought could be used satisfactorily for its purposes along the new line. Many attempts have been made since, by letter, by visit and by telegraph, to those officers. They state they are very busy compiling this information, but that they can give us nothing as yet, but that they will give us this information at the earliest possible date. At this meeting Judge Gary announced that the sum total of the 987 contracts amounted to approximately \$44,000,000; that he did not know and at the moment could not tell how much of that was escapable and how much otherwise. We have a telegram from Judge Gary within the last week in answer to one sent by Mr. Crowell, stating that they were still at work on that, but were unable to give us as yet the details of any or all of those contracts.

The CHAIRMAN. Assuming that there is a contractual obligation amounting to approximately \$44,000,000, you do not know, then, to what extent the material that those contracts call for would be of a character that you would now desire in building a peace-time plant at Neville Island?

Col. BARBA. Roughly, the situation that we have been able to gather is this: That approximately 500 acres of land have been acquired or are in process of acquirement; that roadways and dock facilities, the shifting of a trolley line, sewers, piping and general preparation of the site, including some foundation work, have been worked up, having employed at the time of the stoppage early in November approximately 1,700 men on the island. The money expended on this work was stated at the meeting of November 7 to be between \$1,500,000 and \$2,000,000 of money actually expended for preparation, not including the money required for acquirement of property. Other than those two sums, one of which was mentioned and one not mentioned, the values of the land not being mentioned, the balance would go into buildings and machinery. The statement was made, in answer to a request of Gen. Pierce, that the contracts for the steel framing, etc., of the buildings could be abandoned with practically no loss, they amounting to about \$15,000,000 face. That, you see, would dispose of perhaps \$20,000,000; and conjecturing

further, it would seem that \$24,000,000 are in a class covering contracts whose final determination has not yet been made.

The CHAIRMAN. Presumably, if you were to carry on the project for a plant costing all told about \$45,000,000 and along the lines now desired, most of your contractual obligations would be of such a character as could be advantageously used in connection with the building of the plant.

Col. BARBA. I think only in comparatively small part, Mr. Sherley, because the capacity of the buildings so far as the capacity to carry heavy weight is concerned would need to be the same; that is, we have figured always on the possibility of making in the future an 18-inch 50-caliber rifle, which is estimated to weigh when completed 510,000 pounds, so that the carrying capacity of those buildings would need to be as originally designed, but the extent of those buildings, meaning the length and number of buildings, would be very materially reduced. The same statement would apply to the machinery. Now, just how much of the machinery is under way to a point where we can not stop is the information we are waiting for; but the character of the machinery that is in manufacture and which will be carried through to completion will be perfectly useful for any gun from a 12-inch to a 16-inch.

The CHAIRMAN. Apparently, the important point would be whether all steps have been taken to so curtail work as to prevent the creation of material which will not be desirable. Now is it your understanding that the Steel Corporation has stopped fabrication of material pending this adjustment?

Col. BARBA. The very small amount of information we have been able to get is to this effect: The work on preparation of the site has been stopped; all further foundation work has been stopped; the number of men continued on the site is only such as will be necessary to unload cars of material which were in transit at the time stoppage was effected. That, of course, is a dwindling number also. The completion of the barracks for housing the workmen on the island should go forward, because they were so nearly finished that it would be a distinct waste to stop them. I understand those barracks have been finished and that all further work there has stopped. The manufacture and fabrication of the steel for the buildings was stopped.

That brings us, then, to the conjectured figure of \$24,000,000 for machinery, tools and equipment which the Steel Corporation's officials informed us on November 7th had been stopped. Echoes of this have come in since in the way of appeals from some of these manufacturers to be allowed to go ahead and taper off their labor so as not to create a distinct local hardship, and Col. Lamont of the Procurement Division, who had that particular matter in charge, has been at work on allowing as little as possible of the material to go forward in manufacture as is necessary to prevent such distinct hardship. Just how much that is I am not informed, and that will be a part of the statement which the Steel Corporation officials say they have in preparation for us.

The CHAIRMAN. I gathered the impression from what you said, although it may be all wrong, that the situation is such that there will be but little machinery created of a character which you would not want.

Col. BARBA. There will be some machinery created which will be of a character which we would want, but which will be greater in amount than the new scope of the project will require.

The CHAIRMAN. Will that be true in view of the fact that there is a cessation in the work of creating this machinery?

Col. BARBA. I think so, sir, and I can illustrate that by giving you the concrete case of the presses for forgings, of which four presses were ordered of 6,500 tons capacity each. I saw a letter from the Forge Press Co., the United Foundry & Machinery Co., asking that they be allowed to go ahead with these presses as otherwise it would create a distinct hardship on their plant. I turned that over to the proper officers, with the statement that in my judgment it was not so; that instead of getting four presses we were committed to one which was nearly completed and to one which was well advanced; but in my judgment we had better stop all work on No. 3 and No. 4 and stand the losses for the material which was only partly prepared. Now, if we take two of those presses we have one more than we need, because one is enough for the reduced rate.

The CHAIRMAN. So in your judgment there have been some cases of manufacture which had gone to a point beyond what your need would now be?

Col. BARBA. Yes, sir.

The CHAIRMAN. Your enlarged program looked to the building of a bridge from the mainland over to Neville Island and considerable railway extension and alteration. Has that all been stopped?

Col. BARBA. I wish I could give you a decided answer as to that. I think the railway sidings have all been stopped and I think that work on the bridge was not started and that it is still in suspense; at least, I hope so. The impression given us by Judge Cary was that all that had been stopped. If you build only a small plant at Neville Island as compared with the very large project, it is a question for earnest consideration as to whether we want to build a bridge or not. The building of the bridge, of course, will tap the very desirable labor districts of Allegheny and Bellevue and that side of Pittsburgh, and will make unnecessary any project for housing facilities to be erected on a new town site; but if the project that you decide to build is so small that you can use more ordinary means of communication with your labor district, then a bridge might or might not be necessary.

The CHAIRMAN. What contracts had you with the Steel Corporation?

Col. BARBA. The contract was rather brief and general, requiring them to build a plant to manufacture a given number of shells per month and a given number of guns per month for the account of the United States, no profit to accrue to the Steel Corporation, either for plant construction or for operation. They were to construct the plant and operate it for cost for the account of the United States, giving the United States the benefit of its engineering knowledge and ability and services at cost.

The CHAIRMAN. At the time that contract was entered into was there a statement of the character of plant desired?

Col. BARBA. Only as to the quantity and kind of product required, which, as I stated, was approximately 40,000 shells a month and 12 and 15 guns per month.

The CHAIRMAN. That was the contract of July?

Col. BARBA. That was the contract, I think, of May 25.

The CHAIRMAN. At that time no such large project was in mind as was subsequently thought of.

Col. BARBA. Oh, yes; that project was defined by a letter from Gen. Dickson to the head of the Procurement Division dated April 30.

Gen. WILLIAMS. And that was taken directly from a letter that came down to us from The Adjutant General concerning the number of guns we had to provide within a given time.

The CHAIRMAN. It has been presumably under that contract that the Steel Corporation has made these subsidiary contracts.

Col. BARBA. Entirely so.

The CHAIRMAN. I did not know but what there had been thought to have been some modification of that contract by virtue of the suggestions in July.

Col. BARBA. The information which was furnished on July 29 was the first collective statement of the intentions of the Steel Corporation to build a plant comprising thus and thus buildings to produce thus and thus material. From the inception of the project and its various amendments culminating in the letter of April 30, it required until July 29 for the Steel Corporation to shape its designs and plans so as to present for the consideration of the Ordnance Department, as required by the contract, a comprehensive plan and estimate of cost. This comprehensive plan and estimate of cost consequent upon the contract of May 25 was not presented and not prepared and not available until July 29.

The CHAIRMAN. Had any steps been taken by the Steel Corporation prior to July 29 to enter into contracts for material to carry out the program they presented as of that date?

Col. BARBA. Immediately after the signing of that contract, the Steel Corporation placed to my knowledge the order for the four forging presses, it having been determined that four 6,500-ton presses would be required to produce 15 sets of guns per month.

Mr. MONDELL. That was immediately after the April contract?

Col. BARBA. Immediately after the May contract.

The CHAIRMAN. On July 29 the cost of it was so large that the Government requested the reexamination of the matter.

Col. BARBA. After the presentation of the gross estimate of \$140,000,000, in July, Assistant Secretary, Mr. Crowell, refrained from approving those estimates and approved the plans only generally and without binding the Ordnance Department to a literal carrying out of the scheme provided by those plans, expressly reserving, in an exchange of letters, just subsequent to July 29, the right so to modify the general plans as to provide for such elasticity within the buildings and within the scope shown by the one sheet of general plans which he signed on July 29, any modifications which the Ordnance Department might require in accordance with the terms of its contract that the Steel Corporation should build such a plant as was directed by the Ordnance Department. The estimate of the cost of this plant appeared for the first time at that meeting, amounting to \$140,000,000 and \$18,000,000, and immediately subsequent to that, Mr. Crowell at once began to exert pressure everywhere, both on the corporation and on the officers within the Ordnance Department, so to scale down the scope and extent and equipment of that

lant as to bring it within measurable distance of the \$45,000,000 which he felt he had a right to expend.

The CHAIRMAN. Since July, then, there has been no approval by the War Department of specific projects incident to the program submitted by the Steel Corporation at the July meeting?

Col. BARBA. I think no approval whatever, sir.

The CHAIRMAN. So that the Government is committed, if at all, to the extent only of contracts that might have been entered into by the Steel Corporation prior to July 29?

Col. BARBA. No; because immediately after the signing of the general scheme as shown by this big sheet of drawings, as large as this table, the Steel Corporation continued the work which they had already begun of getting its equipment under contract. They had placed some subcontracts prior to July 29 and subsequent to May 25, and I have no doubt they continued placing those contracts all through the months until they were stopped in October.

The CHAIRMAN. But they did that at their own risk, with the express statement of the War Department that they exercised the right to modify plans and projects in connection with the whole matter?

Col. BARBA. Quite so.

The CHAIRMAN. And my statement was that the Government, if it was legally bound at all, was bound only to contracts made prior to July 29, because subsequent to July 29 the Steel Corporation was upon notice that its agreements that it might make in carrying out the project were all subject to the approval of the War Department, which approval, I understand from you, has not been given.

Col. BARBA. I think I would not like to discuss that phase of the situation without the text of the contracts before us; but, personally, I have no doubt that the Government is legally bound under its contract of May 25 for all obligations incurred by the corporation, no matter of what date, for two reasons: First, I think the contract is sufficiently broad in its statement that the corporation act as the agent of the Government in doing this work; and second, that plain caution of the Steel Corporation would lead them not to make a contract that was not supportable by the documents on which they were basing their action.

The CHAIRMAN. I think that is true so long as that document remains unqualified, but when that document becomes expressly qualified by a later written statement of the Government brought to the notice of the Steel Corporation that it could act under its original contract of May only to the extent of carrying out plans that were approved by the Government, that would seem to limit the corporation to that extent.

Mr. VARE. You spoke about disturbed conditions when your contract was canceled; you had reference to the labor conditions there adjacent, did you not?

Col. BARBA. More than that. There were 987 contracts, and when those contracts came to a sudden stoppage like that, they wanted to know where they would get off. They did not know how long the suspension was going to last, and they did not know whether to hold their men. There was one of your neighbors, over in Philadelphia, the Southwark Foundry Machine Co., interested. The president of that company met me on the street not long ago and asked me how long this Neville Island suspension would continue, and whether he

was safe in letting his workmen go. I could not give him any conclusive answer.

Mr. VARE. What is the labor situation in that part of the country now? Is it well employed?

Col. BARBA. As to Pittsburgh, the district chief was in my office the other day and stated that Pittsburgh was short 15,000 skilled mechanics and 10,000 unskilled men.

Mr. VARE. They are still short of labor?

Col. BARBA. Yes, sir.

MIDVALE PLANT—FIELD ARTILLERY.

(See p. 841, 1038.)

Mr. VARE. Going back to the Midvale plant, what did you find there when you stopped the Government work?

Col. BARBA. That was construction work altogether. The steel was being fabricated in Pottstown, and the machine tools were being built at various places. I heard of no labor disturbance there.

Mr. VARE. How much labor shortage is there in Philadelphia compared with Pittsburgh?

Col. BARBA. I do not think there is anything like as great a shortage in Philadelphia.

NEVILLE ISLAND PROJECT—FIELD ARTILLERY.

(See p. 1042.)

The CHAIRMAN. Colonel, has the Ordnance Department undertaken, pending the information that it has been asking from the Steel Corporation, to determine just exactly the character of plant that it now desires to build at Neville Island?

Col. BARBA. Yes, sir, in this respect. The Neville Island Board decided that they would try to put together the character, scope, and extent of plant that it would build at Neville Island, for instance, on the reduced basis which we referred to previously, and I was asked by Gen. Peirce to get together a list of the equipment, etc., that would be required.

That was about November 15 or 20. I at once went to the Steel Corporation's representatives who had made all of the elementary time studies and had suggested studies for the manufacture, and asked them for that information, or basic information, on which to go ahead and project the proposed new plants. It was a job which would require a staff of engineering draftsmen and designers. We had no such staff available in the Ordnance Department, and I determined to rely upon the Steel Corporation's engineers for that purpose. You will agree with me that that purpose should be made secondary at the present time to the determination of the finishing point of the various subcontracts that are going forward. I at once found that that was likely to interfere with that work, and at their request withheld any pressure on their engineers to make those various studies that are necessary to build for ourselves the kind of plant we wanted until they should finish the job they said they were doing—that is, making their canvass of the various contracts that they were responsible for.

I am told, however, that they did detail four separate men in four different drafting rooms to make up the various studies without any guidance from us along the lines indicated by our letter of late October, and that they are approaching a point where they would like to submit them to us. In one of my recent contacts with those men in Pittsburgh they told me that they soon would be ready to present some of those preliminary studies, and they asked again that we do not interfere with the closing up of those contracts. Therefore, I have been rather easy and have not pressed them upon that point.

The CHAIRMAN. What I had in mind was that you needed to have something concrete now as to what you wanted in order to determine somewhat the extent that you desired to modify, cancel, or accept obligations that may have been created in the past.

Col. BARBA. It was the intention of the board to consider those two things at the same time, and it was Gen. Peirce's thought that if we had knowledge of what we wanted to build at the time they submitted to us a statement of what we were committed for, then we could put the two things together. Now, I believe they will come along within a matter of a few days of each other, and along the lines I indicated when I said this morning that it was thought that a rate of three guns per month, in place of 15, and only the excess steel to be used for shell manufacture would come out of a plant probably within \$45,000,000. Our judgment in fixing those figures was based on experience in the other similar gun-forging plants which have been created and on the general knowledge of the subject of some of us who are not unfamiliar with that class of work; and it was thought that a plant with an output of three guns per month and of that number of shells could be built for the \$45,000,000 appropriation, which is coming right back to what might be called the original thought for an additional plant over those now in existence. The details of what that plant will comprise will have to come out of a pretty well organized and large engineering force and I think we will get it within a few days after they complete their survey of our contract obligations.

The CHAIRMAN. Has the Steel Corporation given any intimation as to when they hope to be able to comply with your request?

Col. BARBA. They have fixed no date as yet. They have simply told us in this last letter and telegram that they were hard at work, and would give it to us at the earliest possible date.

The CHAIRMAN. Without any indication of when that might be?

Col. BARBA. No, sir; with no indication of when it would be. I sent a man to the Pittsburgh office to scout around and find out what could be learned, and he reported to me that the situation was as they had described it; that they were as busy as could be at the job, and that they asked us to be patient, saying that they were doing their best. He stated that they could not give me the information I was wanting because he could not get action on it, nor could any of us get action on it without stopping the wheels that they have in motion. So we decided to let them go ahead and not keep pressing them for it at an early date, much as we would like to have the information right now.

The CHAIRMAN. So that the matter, as it stands today, is this, that the department desires to go forward with a plant that will

have a three-gun per month capacity and such shell capacity as is incident to the manufacture of those guns.

Col. BARBA. Yes, sir.

The CHAIRMAN. And the department is awaiting definite information as to the extent of its commitments under contracts made by the Steel Corporation at the time the larger project was in contemplation?

Col. BARBA. That exactly expresses the present case.

The CHAIRMAN. In making the tables that you have submitted in connection with the probable expenditures, you have assumed, I take it, an expenditure of \$45,000,000 for Neville Island?

Gen. WILLIAMS. Yes, sir.

DISPOSITION OF FIELD ARTILLERY FACILITIES—SALVAGE.

(See p. 1059.)

The CHAIRMAN. Colonel, I understand that under you has come the question of the ultimate disposition of these plants that have been created by the Government in connection with the manufacture of either the finished gun or the components of the gun, and I think the committee will be glad to have from you a statement as to the extent of the investment that the Government has made and to what extent there may be a salvage of part of that investment.

Col. BARBA. The program upon which the factories were built for the production of finished guns comprises a total expenditure at 19 points from Boston to Milwaukee. In but two of these factories, Watertown and Watervliet, are the facilities completely owned by the Government. At the other 17 points the facilities are chiefly owned by the Government as to buildings and in all cases the extensions were made upon the property of the plant whose facilities were being extended, and whose cooperation was desired by the Ordnance Department. The total expenditure for the extension of facilities at these 19 points is as follows:

1. Referring to Mr. Sherley's question on pages 843, 1056, the following plants and projects are those included in the work of the cannon section:

Money expended for new facilities.

	Buildings.	Equipment.	Total.	Probable salvage.
Plants entirely owned by the Government, both buildings and land:				
(a) Rough machined gun forgings, Watertown Arsenal, Watertown, Mass.			\$6,000,000.00	None desired.
(b) Finish machining plants, Watervliet Arsenal, Watervliet, N. Y.			11,500,000.00	Do.
Plants where additions to existing facilities were made with Government money for plant and equipment—Land owned by the manufacturer:				
(a) Rough machined forging plants—				
Taconey Ordnance Corporation, Philadelphia, Pa.	\$450,000.00	\$2,627,853.80	3,077,853.80	Sale under negotiation.
Bethlehem Steel Co., Bethlehem, Pa.	158,000.00	508,461.57	666,461.57	No negotiation as yet.
Midvale Steel Co., Philadelphia, Pa. ¹	950,000.00	6,309,421.37	7,819,921.37	\$3,388,638.

¹ These figures are approximate. Figures are only obtainable at the arsenals, which have been requested to furnish them and details.

² Total for Midvale includes \$560,500 (estimate only; see p. 1537) for land and grading.

Money expended for new facilities—Continued.

	Buildings.	Equipment.	Total.	Probable salvage.
Plants where additions to existing facilities were made, etc.—Con.				
(a) Rough machined forging plants—Continued.				
Standard Steel Works, Burnham, Pa.	\$150,000.00	\$1,411,364.81	\$1,561,364.81	No negotiation as yet.
Heppenstall Forge & Knife Co., Pittsburgh, Pa.	200,000.00	972,501.38	1,172,501.38	Do.
Edgewater Steel Co., Pittsburgh, Pa.	400,000.00	2,193,000.00	2,593,000.00	Do.
Buckeye Steel & Casting Co., Columbus, Ohio.	43,440.00	193,401.68	236,841.68	Sale under negotiation.
Standard Forgings Co., Chicago, Ill.	346,238.00	1,471,534.24	1,817,772.24	No negotiation as yet.
Symington-Anderson Co., Rochester, N. Y.	110,000.00	779,000.00	889,000.00	Do.
Hess Steel Corporation, Baltimore.	100,500.00	423,968.94	524,468.94	Sale under negotiation.
Total 1.....	2,908,178.00	16,890,507.79	26,359,185.79	
Rough machined gun forging plants, where the whole equipment is the property of the company on an amortization basis—				
American Bridge Co., Gary, Ind. ²			4,250,000.00	
(b) Gun finishing plants—buildings and equipment the property of the Government—land the property of the contractor—				
Bullard Engineering Co., Bridgeport, Conn.	260,000.00	3,832,869.81	4,112,869.81	No negotiation as yet.
Symington-Anderson Co., Rochester, N. Y.	716,961.00	2,730,964.23	3,447,925.23	Do.
American Brake Shoe & Foundry Co., Rochester, N. Y.	500,000.00	3,494,731.10	3,994,731.10	Do.
Challis Manufacturing Co., Detroit, Mich. (buildings and land property of contractor, machinery property of Government).	163,000.00	821,813.36	984,813.36	Do.
Wisconsin Gun Co., Milwaukee, Wis.	150,000.00	1,444,000.00	1,594,000.00	Do.
Northwestern Ordnance Co., Madison, Wis.	400,000.00	1,076,707.36	1,476,707.36	Do.
Total 3.....	2,209,961.00	13,401,085.86	27,101,046.86	
Total (a).....	2,908,178.00	16,890,507.79	26,359,185.79	
Total (b).....	2,209,961.00	13,401,085.86	27,101,046.86	
Aggregate.....	5,118,139.00	30,291,593.65	53,460,232.65	

¹ Grand total includes \$6,000,000, approximate amount spent at Watertown Arsenal, and \$560,500 spent at Midvale Steel Co., Philadelphia, Pa., for land and grading.

² Not included in total.

³ Total includes \$11,500,000, approximate amount spent at Watervliet Arsenal.

The above figures were furnished by Capt. W. L. Carneal, Plant Section, Service Functions, on Jan. 10, 1919, and are the latest figures available on this subject.

2. *Salvage.*—(a) The whole of the adjustment for salvage of property belonging to the United States is in the hands of a well-organized division known as the Salvage Board. When it is determined that salvage is to be effected, the matter is at once referred in its entirety to this board.

(b) Responding to Mr. Shirley's question, it is my personal opinion, without having been in consultation with the Salvage Board that the following disposition of the plants enumerated above should be possible.

(c) Watervliet and Watertown Arsenals, being wholly Government property, will be retained as built, and, in addition, they will receive such equipment as is chosen by the director of arsenals in conjunction with the Salvage Board deemed necessary

one requiring the highest known degree of skill and exercise of care and that this was in existence in the country in only two plants to any considerable degree, and that the manufacturers responded as they did and were willing to spend themselves and their efforts and their engineering knowledge for our benefit is very much to their credit.

The CHAIRMAN. Something has been said from time to time about the use of the machinery in these plants in the way of the equipment of additional permanent Government plants. Is it the idea to equip any other gun plants than the Watertown and Watervliet Arsenal and the one on Neville Island?

Col. BARBA. The recommendation of the arsenals board has been limited to amplifying the facilities at those three plants only, so far as the manufacture of guns is concerned, and in field calibers.

The CHAIRMAN. Has most of this machinery any adaptability for commercial uses?

Col. BARBA. The great bulk of this machinery, probably 85 per cent, is of standard type, in that it is ordinary turning lathe or planer and the nonordinary features will largely be in the rifling machinery far putting the rifling in the guns and in the boring machinery. There is comparatively limited demand in peace time for hollow forgings. We now have probably more boring and lathe capacity than ever existed in any country at any time. It is in that respect far in excess of any peace-time demand that any of us can see. The salvage on boring machines will be low, while the salvage on planers and turning lathes will probably be very high.

The CHAIRMAN. What do you estimate will be your salvage by and large of machinery, excluding the very large expenditures which we have made in the way of buildings, and so forth?

Col. BARBA. I suggest that Col. Sargent answer that question.

Col. SARGENT. I might say that the average cost of equipment in the factories as compared to the cost of the buildings is about 66 per cent, and about one-third of that will be inflation. There were \$20,000,000 of machine tools, and on the basis of peace time prices, which is probably half of the price paid for the tools, there would be a value of between \$10,000,000 and \$15,000,000 with depreciation of about 30 per cent, about \$7,500,000 to \$8,000,000 salvage on the machine tools.

Gen. WILLIAMS. Mr. Chairman, we organized just as soon as the armistice was declared a salvage board. Our method of procedure will be when the claims board and the districts have finished up their settlement of the contracts, if there is any material that remains the property of the United States, it will be turned over to the salvage board and they will handle the sale of it. Then, there is the director of sales who supervises the sales for all the departments and the methods of procedure are determined by the director of sales.

The CHAIRMAN. Who compose the salvage board, the personnel?

Gen. WILLIAMS. Col. Kenny, Col. Hickman, Col. Burns, Col. Shircliff, and Col. Harrison.

The CHAIRMAN. Are they Regular Army officers?

Gen. WILLIAMS. Some Regular and some temporary.

The CHAIRMAN. Colonel, will you please place in the record a list of these various 19 plants with the expenditures, and what it is con-

templated will be the disposition in the individual cases where the matter has reached the point to enable you to make such a statement.

Col. BARBA. Yes, sir; I will do so.

(See p. 1052.)

The CHAIRMAN. You have had charge of those plants that have been created by the Government for the manufacture of gun carriages—recoil mechanism, miscellaneous accessories, battery vehicles, etc.?

Col. SCRUGHAM. Yes, sir.

INVESTMENT IN FIELD ARTILLERY PLANTS—NUMBER OF.

The CHAIRMAN. What investment has the Government had to make in such plants?

Col. SCRUGHAM: In private plants the Government has invested something over twenty-five million dollars. This does not include money spent at arsenals for increased manufacturing facilities.

The CHAIRMAN. What number of plants were there?

Col. SCRUGHAM. There were about 20 plants. Of that number the principal ones were, the Dodge Bros., of Detroit, who had a very large order for recoil mechanisms; for the 155-millimeter howitzer and the 155-millimeter guns. The Standard Steel Car Co., which had a large order for 240-millimeter howitzer carriages; the Singer Manufacturing Co., which had an order for 75 millimeter French recoil mechanisms; the Otis Elevator Co., which had an order for 240-millimeter howitzer recoil mechanisms; the Walter Scott Co., and the Studebaker Co., who had orders for the 4.7 gun carriages. Considerable investments were also made at Watertown and Rock Island arsenals. Very large sums had to be expended in the plants for the manufacture of recoil mechanisms for the carriages, for the reason that absolutely no facilities of any kind existed in America for the manufacture of these units on a large scale. Recoil mechanisms require highly specialized machinery and in a majority of cases such machines had to be especially designed and built for the purpose.

The first task of the Ordnance Department was to find organizations capable of undertaking the work of quantity production. There were substantially no plants not already filled with work, who were capable of building the required carriages and recoil mechanisms. It was necessary to create from the ground up, in almost every instance. A survey was made of practically every existing machinery manufacturing organization in America and those which were already loaded up with very important contracts were eliminated. The factor of availability of labor was considered as well as availability of material and supplies. The most difficult job was in what is known as "tooling up," which is manufacture and installation of necessary tools, jigs, and fixtures for the work. After a contract was let and when the plant was tooling up ready to begin work, we usually figured that 50 per cent of the job was done. The complicated mechanisms required entirely new methods in tooling up to conform to American practice. The number of units required in the 75-millimeter American order was originally 2,802; the 75-millimeter British carriage, 2,868, the 75-millimeter French carriage about 3,049; in the 4.7-inch gun was about 933; in the 155-millimeter

howitzer was 2,596, in the 155-millimeter gun was about 1,446, and in the 240-millimeter howitzer carriage was about 1,214.

These figures are cited to show the enormous number of artillery carriages which we were required to make preparations to build at the quickest possible moment. The tooling up of the larger plants for quantity production required on an average from 6 to 12 months. In the majority of cases even the buildings had to be designed and constructed before any machinery was installed. All buildings for the manufacture of carriages and recoil mechanisms were substantially completed and substantially all machine tool equipment was installed and in operation at the time of the signing of the armistice. Almost without exception all plants had commenced to deliver carriages or recoil mechanisms at the time the war closed. Full production in the majority of the plants would have been accomplished about January, February, or March of this year. Full production had already been accomplished on some of the more important contracts, such as the 155-millimeter howitzer recoil mechanisms from Dodge Bros., which plant to date has completed over 1,200 of the required number of units.

The salvage value of the machine tool equipment on the carriage plants will be practically the same as on the cannon plants. However, the salvage value of the tool equipment in the plants manufacturing recoil mechanisms will probably be even lower on account of the highly specialized nature of the work they were to perform. It is believed that the equipment for recoil mechanisms should largely be turned over to the arsenals. The production of battery vehicles and miscellaneous and accessories usually far outstripped the production of carriages and recoil mechanisms, on account of the relative simplicity of construction and the fact that existing plants were utilized without any particular large expenditures or changes.

The CHAIRMAN. Is it contemplated to equip any Government plant with this available machinery for the making of these recoil mechanisms and carriages?

EQUIPMENT OF ARSENALS—FIELD ARTILLERY.

Col. SCRUGHAM. That is a question of policy, and if you will permit me I will refer to Gen. Williams for reply.

Gen. WILLIAMS. We want to equip the Rock Island Arsenal for the manufacture of mobile carriages up to the 240-millimeter type, and the Watertown Arsenal for the manufacture of 240-millimeter—it is already equipped for the 240-millimeter and we want to extend that equipment and also extend provision for the manufacture of the heavier carriages, all carriages above 240 millimeters, so that the two carriage factories we will have, Government owned, will be the Rock Island Arsenal and the Watertown Arsenal.

The CHAIRMAN. The Rock Island Arsenal is a very much larger arsenal?

Gen. WILLIAMS. Very much.

The CHAIRMAN. Is it contemplated it will be equipped to make the larger portion of these recoil mechanisms and carriages?

Gen. WILLIAMS. It will be equipped to make the recoil mechanisms for the 75-millimeter, the 155-millimeter howitzer, and the 155-millimeter gun. The Watertown Arsenal is now equipped to manufacture the recoil mechanism for the 240-millimeter howitzer.

The CHAIRMAN. And it will not be equipped for the smaller carriages?

Gen. WILLIAMS. No, sir.

The CHAIRMAN. It is not contemplated to establish any other plant?

Gen. WILLIAMS. No, sir.

The CHAIRMAN. How will those facilities compare with the proposed facilities for making the guns; are they balanced at all?

Gen. WILLIAMS. I have not the figures on that. I wonder if you have those, Col. Barba?

Col. BARBA. Do you mean the number of guns and carriages in each place?

Gen. WILLIAMS. Yes.

The CHAIRMAN. I am not so much interested in the number as whether there will be a proper balancing by which, assuming this program was carried out, you would have a carriage capacity in Government-owned arsenals sufficient to take care of your gun capacity or the other way around?

Col. BARBA. Mr. Sherley, without reducing it to figures and from general knowledge of both those situations, I am of the opinion that our proposed facilities will produce more guns than they will carriages. That is, you will have more guns out of the facilities to be established than you can get carriages. Carriage plants will not be extended to the same degree the gun plants will be.

Gen. WILLIAMS. There are two reasons for that: One is you have not to manufacture more guns, anyway, than you do carriages, on account of the erosion or deterioration of the guns, and the other is that the commercial establishments for the manufacture of the carriages, except the recuperator, more nearly approximate ordinary commercial production than the manufacture of the guns.

The CHAIRMAN. But what I had in mind more particularly was your recuperator. To put it in another way, I wanted to know whether you were establishing a balanced program.

Gen. WILLIAMS. We will endeavor to balance these arsenals so that there will be a balanced capacity.

The CHAIRMAN. Because your finished battery can be produced so faster than the production of the slowest factor in it.

Gen. WILLIAMS. That is very true. The important thing for us to maintain, though, is the capacity or the knowledge of the manufacture of each of these various types. That is very much more important, to my mind, than balancing the capacity of the arsenals, because in any event if war breaks out the capacity of the arsenals will not be anything like sufficient to take care of your needs, and any inequality will soon disappear.

DISPOSITION OF BUILDINGS FOR PLANT FACILITIES, FIELD ARTILLERY.

(See p. 1052.)

The CHAIRMAN. Colonel, have your negotiations with these various concerns where these plant investments were made proceeded to the point of enabling you to know to what extent, if at all, the buildings that have been erected will be taken over by such private concerns for their own uses?

Col. SCRUGHAM. No, sir, they have not, for the reason that as preliminary to negotiations the company usually states they do not particularly need the building.

ESTABLISHMENT OF PLANT FACILITIES.

RAILWAY MOUNTED ARTILLERY.

I will add a few words on the subject of railway mounted artillery. The developments of the war showed the necessity for the creation of a considerable amount of heavy mobile artillery beyond that which is generally classed as field artillery. To this end a number of railway mounted carriages were ordered, covering 7-inch, 8-inch, 10-inch, 12-inch, 14-inch and 16-inch sizes.

In the majority of cases seacoast defense guns were utilized and in the 8, 10, and 12-inch sizes a considerable number of carriages were actually completed before the cessation of hostilities. In the case of the 10-inch size the parts only were called for in this country and were sent abroad for assembling by the French. The completion of a large part of the railway mounted artillery under manufacture is deemed desirable for purposes of coast defense.

The CHAIRMAN. What are you going to have in the way of railway carriages?

Col. SCRUGHAM. The actual numbers?

The CHAIRMAN. Yes.

Col. SCRUGHAM. Of the 7-inch gun type, 12; of the 8-inch barbette type, 47; of the 10-inch sliding type, 36; of the 12-inch mortars, 6; of the 12-inch gun, all types, 15; two 14-inch guns and two 16-inch howitzers. These are our recommendations, but are subject to change, depending on the conditions of manufacture, labor, and so on.

The CHAIRMAN. You say they are only recommendations?

Col. SCRUGHAM. Yes. However, they may have been recently approved. Gen. Williams can probably give a definite answer.

The CHAIRMAN. Gen. Williams, have you not orders out now and under way for a given number of carriages?

Gen. WILLIAMS. It has been decided to continue all of them.

The CHAIRMAN. That is an actual building program which it is proposed to complete?

Col. SCRUGHAM. One that is so far under way now that it would involve serious loss to attempt to stop it.

The CHAIRMAN. What is the relation of caliber to length in the 12 and 14 inch guns?

Col. SCRUGHAM. That will vary. There are three classes—guns, howitzers, and mortars. The length of each is usually expressed in calibers, such as a 50-caliber 14-inch gun, which is 50 times 14 inches in length.

The CHAIRMAN. Are those carriages capable of sustaining guns of even greater length than those you have in mind?

Col. SCRUGHAM. No; they are designed particularly for a certain cannon or type of cannon, usually taken from the seacoast defenses.

The CHAIRMAN. The carriages could not be used for guns of greater length?

Col. SCRUGHAM. Not without considerable alteration.

Gen. WILLIAMS. An example of that would be the 8-inch, of which we propose to build some 50. We have some 30 or 35 caliber mounted on railway mounts and those mounts would not do for the 8-inch 50-caliber.

The CHAIRMAN. You were considerably behind the Navy in getting some of your carriages built, were you not?

Col. SCRUGHAM. No, sir; we were not, if all facts are considered. I would like to take issue very strongly about that and am prepared to debate it in detail.

The CHAIRMAN. Well, we will be glad to hear the other side of the story.

Col. SCRUGHAM. The particular instance mentioned refers to five guns of 14-inch caliber which the Navy, with very commendable energy and forethought, had mounted on what is known as a sliding type of railway carriage. This type of carriage can be very quickly built. It has no recoil mechanism. The shock is taken up largely by the sliding of the carriage along the rails. It is of very little value against a mobile target or for coast defense purposes. It must have a comparatively fixed target, otherwise they have to build a semicircular track to run it on.

For the purposes of the Army it was more desirable to have a heavy unit which can take a number of targets in succession. However, the Army built a number of sliding-type carriages in order to get them quickly into action, chiefly in 10-inch sizes. I cite this to show they can be put together very quickly and we actually got them manufactured. The type which is deemed best for all purposes requires approximately three times as long to build as the sliding type mentioned above.

The CHAIRMAN. But even as to those of the same design, you were behind the Navy in point of time, were you not?

Col. SCRUGHAM. We did not take up the same design, exactly. The relative time of manufacture was almost the same. The nearest approach to theirs was on the Chilean guns which we acquired from the Chilean Government. These were just coming into production: in fact, I think one went to the Aberdeen proving ground before the armistice was signed.

Gen. WILLIAMS. How long did it take to produce those?

Col. SCRUGHAM. Something like three months, to the best of my recollection: 85 days, to be exact. The point I want to make clear is that that is what is known as the Navy sliding type of carriage, can be built very rapidly, but can be considered primarily as a makeshift. We placed with the Morgan Engineering Co. orders for 157 improvised mounts for 5 and 6 inch seacoast guns. A very considerable number of these—120—were actually manufactured and shipped. We also placed with the Harrisburg Boiler & Manufacturing Co. orders for 36 sets of improvised sliding mounts for the 305-millimeter gun, adaptable to either the 305-millimeter or the 10-inch gun, the idea being to get them quickly to the front.

The CHAIRMAN. Were they gotten out as quickly as the Navy got theirs out?

Col. SCRUGHAM. Yes, sir; considering what had to be manufactured. We only furnished parts of the unit.

The CHAIRMAN. Did they get them over as quickly?

Col. SCRUGHAM. I can not speak for the shipment of them.

Gen. WILLIAMS. What the colonel speaks of there is that we had a contract with the French for the manufacture of certain portions of these mounts and we made a portion of them over here and sent them over there to be assembled and completed by the French. As a matter of fact, we did not get any of those on the firing line.

The CHAIRMAN. The types you are now building and proposing to complete is a type that gives you what you desire in the way of flexibility?

Col. SCRUGHAM. Yes, sir.

The CHAIRMAN. For use not only against land forces but against sea forces?

Col. SCRUGHAM. Yes, sir.

The CHAIRMAN. The largest type is for a 14-inch gun of what length?

Col. SCRUGHAM. We have a 16-inch howitzer which is the largest type, which is about 20 caliber, to the best of my recollection.

The CHAIRMAN. The 16-inch howitzer in one way is bigger than a 14-inch gun but it is not so powerful a weapon?

Col. SCRUGHAM. It is not as powerful as the 14-inch 50-caliber.

The CHAIRMAN. That is the largest gun carriage?

Col. SCRUGHAM. Yes, sir.

The CHAIRMAN. Is your plan capable of development and use in connection with guns of larger caliber without material change of design?

Col. SCRUGHAM. No, sir; it would require change of design and change of equipment.

The CHAIRMAN. The question of stresses varies so much as to require new designing?

Col. SCRUGHAM. Yes, sir; the increase is large; more than appears on the face of it.

Gen. WILLIAMS. It is questionable whether we can put on a railway mount a 16-inch 50-caliber gun. The 14-inch 50-caliber we do put on a railroad mount.

Col. SCRUGHAM. I might add that the 14-inch Navy guns sent to France were so heavy, I am reliably informed, that they required the building of special tracks and bridges for them.

The CHAIRMAN. I was just going to ask whether your experience had gone far enough to enable you to determine the strength of our roadbeds and bridges and culverts to carry these guns and carriages?

Col. SCRUGHAM. Yes, sir; that has been the important factor; in fact, that is the limiting factor as to size and weight.

The CHAIRMAN. These 14's, which I presume are the heaviest, are capable of being transported over our railroads?

Col. SCRUGHAM. Yes, sir; standard gauge lines; not all of them, but what we term the standard lines.

The CHAIRMAN. Now, they have been built at private plants financed by the Government, or, rather, Government-owned plants on privately-owned property in connection with existing private manufacturing establishments.

Col. SCRUGHAM. With the exception of those built at the Watertown Arsenal. I am not speaking of the cannon now, I am referring to the carriage.

The CHAIRMAN. Have you any proposal looking to the creation of additional Government-owned facilities for the building of these railroad carriages?

Gen. WILLIAMS. No, sir.

The CHAIRMAN. General, is it the idea that you will build such carriages as you will need at the Watertown Arsenal?

Gen. WILLIAMS. No, sir; at the commercial plants. The trucks are very important parts of these carriages, which, of course, will be made by the railroad material builders. Another important part is the structural part, which will be built by the bridge builders. They have all the facilities. Then we have to provide the turntables and whatever recoil mechanism there is, and they can be built in existing plants.

The CHAIRMAN. Did you have to create many plant facilities in connection with building the railroad mounts, or were you able to avail yourself of existing manufacturing facilities?

Col. SCRUGHAM. We were able to avail ourselves of existing manufacturing facilities more than in the case of field artillery carriages and recoil mechanism. However, it was necessary to create additional manufacturing facilities for two contractors, the Morgan Engineering Co. and the Harrisburg Boiler Manufacturing Co., and in a lesser degree for the Marion Steam Shovel Co.

The CHAIRMAN. What do you propose doing with these plants? Will those manufacturers take over any part of the plants?

Col. SCRUGHAM. It is presumed that they will. They will be turned over to the salvage board for disposition.

The CHAIRMAN. The negotiations have not gone to the point where you are able to state what will likely be recovered out of them?

Col. SCRUGHAM. No, sir; not in any case, so far.

The CHAIRMAN. You will put in the record a statement of the investment that has been made at these plants and the salvage that is likely to be obtained.

Col. SCRUGHAM. The Government invested about \$25,000,000 in private plants for facilities for the manufacture of gun carriages and recoil mechanisms. The salvage value will probably not exceed 20 per cent of this amount. Such items as concrete walls and bases for machinery constitute a liability instead of an asset. On the other hand, some of the machines will bring half or three-fourths of the original cost.

FRIDAY, JANUARY 3, 1919.

AMMUNITION FACILITIES FOR MOUNTAIN, FIELD, AND SIEGE CANNON.

STATEMENT OF COL. H. B. HUNT, ORDNANCE DEPARTMENT

The CHAIRMAN. Colonel, you have had charge somewhat of the plants that were created in connection with the making of ammunition?

Col. HUNT. Yes, sir; the metal components.

The CHAIRMAN. Can you tell us the extent of the investment that the Government will have to make in such plant facilities?

Col. HUNT. I can tell you, approximately. In round numbers it will be \$100,000,000 in plant facilities for metal components.

The CHAIRMAN. That is, in plants other than Government-owned plants?

Col. HUNT. The Government in many cases owned the equipment and buildings, but not the land.

The CHAIRMAN. That is what I mean. When I speak of Government-owned plants, unless I qualify it, I mean entirely Government-owned.

Col. HUNT. Yes, sir.

The CHAIRMAN. These were exclusive of entirely Government-owned plants?

Col. HUNT. Yes, sir; all of them.

The CHAIRMAN. How many plants were there, or do you recollect?

Col. HUNT. There were 130 of them, representing approximately 120 contractors.

The CHAIRMAN. There were 120 different contractors?

Col. HUNT. Yes, sir; 120 different contractors.

The CHAIRMAN. Were there 120 different plant facilities created?

Col. HUNT. Yes; sir; that is, either equipment, or buildings and equipment, or extensions to existing plants.

Mr. MONDELL. You stated there were 130 plants?

Col. HUNT. One hundred and thirty projects.

Mr. MONDELL. And 120 different plants?

Col. HUNT. Yes, sir; that is approximately it. There may be a difference of one or two one way or the other.

The CHAIRMAN. What program, if any, has been worked out touching these plants and their salvage?

Col. HUNT. There has been no program worked out for the salvage of these plants, except the arsenal, which Gen. Williams has mentioned, for the development and manufacture of artillery ammunition components. There will be very little market for the equipment. The machines and equipment consist of special purpose machines and equipment, being mostly turning lathes, boring lathes, band presses, forging presses, etc., of which we have a surplus in the United States now. There being no market for them, their salvage value will not be great. The buildings in many cases are on the contractors' property and may be of service to the contractors, but we have had no proposals from any contractor that I know of.

The CHAIRMAN. That would seem to indicate that you do not expect to have much salvage out of this \$100,000,000.

Col. HUNT. No, sir; very little. That is my opinion.

The CHAIRMAN. What was your problem as to production and to what extent were you beginning to meet it?

Col. HUNT. Prior to the declaration of war by the allies in July and August, 1914, there was very little capacity for the manufacture of artillery ammunition in the United States. With the exception of the Government arsenals, this capacity was confined to established ordnance companies, like the Bethlehem Steel Co., the Crucible Steel Co., the Midvale Steel Co., and the Washington Steel & Ordnance Co., and their capacity had been utilized almost exclusively in the manufacture of ammunition for the guns of the coast fortifications. During the period from July, 1914, to April, 1917, when the United States declared war, a considerable capacity had been developed for Russian and British account. The approximate figures of maximum capacity per day for the British 18-pounders was about 9,000; for the Russian 75-millimeter, about 50,000, and for the other

calibers ranging from the 4.5 howitzer to the 9.2 howitzer, the capacities were from 3,000 to 9,000 per day. All of this capacity, however, was not utilized by the United States for the reason that several of the companies declined to continue manufacture. Several of the most efficient manufacturers declined to manufacture on the basis of their plants being necessary for their regular production in other war requirements.

Those companies were the American Locomotive Co., the General Electric Co., and the Westinghouse Airbrake Co. Their combined capacity was approximately 23,500 rounds or the components for 3,500 rounds per day. The capacity of the plants remaining was not nearly enough to meet the requirements laid down by the military program, and it was necessary to provide the manufacturing facilities for the excess requirements. I can submit a statement of what the capacity was, if you care to have it for the record.

The CHAIRMAN. You may insert that in the record.

Col. HUNT. The ultimate capacity developed by the United States in the different calibers of artillery ammunition is represented in the following table:

Calibers:	Maximum capacity per day.
75-millimeter and 3-inch.....	231,000
4.7-inch and 5-inch.....	20,800
6-inch and 155-millimeter.....	84,000
8-inch, 9.2-inch, 240-millimeter, and 10-inch.....	17,850
12-inch, 14-inch, and 16-inch.....	1,300
Total capacity.....	354,950

Col. HUNT. All of the companies that had been manufacturing for the British and Russians were utilized as far as possible immediately, and contracts had been placed for their entire capacity, I suppose, in the first 60 days after April 7. After that, it was necessary to extend their facilities or interest other contractors in equipping their plants for the manufacture of ammunition or in building new plants for the manufacture of ammunition. The total amount is, as I have already stated, in round numbers \$100,000,000 for facilities. Out of that amount, from 80 to 83 per cent of the facilities are now in or ready to begin production, and practically the entire \$100,000,000 has been expended or has been obligated, and it is estimated that not over \$5,000,000 can be returned.

The CHAIRMAN. Do you mean that practically 95 per cent of those facilities have been created?

Col. HUNT. Yes, sir. But they are not in production. I said that from 80 to 83 per cent of them are in production or ready for production now.

The CHAIRMAN. But as to the rest, there are the buildings and equipment?

Col. HUNT. Yes, sir. That is practically all delivered and a great deal of it has been installed. We would have had it all in production, I should say, during this month, January.

The CHAIRMAN. You had practically no problem, then, of stopping your construction in connection with these facilities?

Col. HUNT. Not a very large problem, but everything was stopped in the way of construction. We did not continue any plants.

The CHAIRMAN. I suppose you did complete buildings where they were in such shape as to require completion simply for protection?

Col. HUNT. I do not believe that there were any in any such stage. Most of the buildings were under roof. Where there were just foundations, our idea would be not to complete them.

The CHAIRMAN. Of course you have been slowing down your production at all those plants?

Col. HUNT. Yes, sir. The same instructions were issued as in connection with other contracts. All overtime was suspended, the hours of labor were changed or reduced to eight, and there was no Sunday work permitted. As fast as the labor situation will permit the contracts are being terminated.

NEW ARSENAL AT EAST TOLEDO, OHIO.

The CHAIRMAN. Are you taking a part of this machinery to equip a new Government arsenal?

Col. HUNT. That is recommended.

The CHAIRMAN. That is near Toledo, and it is proposed to use the buildings that were intended for a nitrate plant.

Col. HUNT. Yes, sir; for the nitrate plant at East Toledo.

The CHAIRMAN. Have you estimated what would be the cost of assembling this equipment and creating that plant?

Col. HUNT. We made an approximate estimate of \$1,000,000 for the assembling and installing of such equipment as we owned at the other plants at Toledo for this purpose.

The CHAIRMAN. You would have there a plant of what capacity?

Col. HUNT. We would have a plant with a capacity for forging and machining all calibers of mobile artillery ammunition from the 75-millimeter to the 240-millimeter. We propose to put in one forging unit for the regular manufacture, with one unit in reserve, so that in case of a breakdown we would not have to suspend all work in the forging shop. Recommended capacity for 75-millimeter ammunition represents about 1,500 shells per day of eight hours. I do not recollect as to the 240, but I can supply that information, if you please.

The CHAIRMAN. What is the value of the machinery that you would expect to install in this plant? Have you any idea what it would be?

Col. HUNT. I have not. That figure in the estimate is not separated as to the equipment and cost of installation, but I should say that the installation cost would be 60 per cent of the value of the equipment.

The CHAIRMAN. Therefore, the \$1,000,000 is not for the purpose of procuring the machinery, but simply for the purpose of the removal and reinstallation of it?

Col. HUNT. Yes, sir.

The CHAIRMAN. What I was asking for was the value of the machinery that you would so install.

Col. HUNT. I cannot answer that without making a computation. The value of the salvaged equipment for forging and machining shell amounts to \$3,347,700.

SALVAGE OF AMMUNITION FACILITIES.

The CHAIRMAN. Now, as to the other machinery, you do not think there is much commercial use for it?

Col. HUNT. No, sir.

The CHAIRMAN. What do you propose doing with it?

Col. HUNT. That is a matter of policy that I have nothing to do with.

The CHAIRMAN. I did not know but what some conclusion had been reached.

Mr. MONDELL. What is the character of that machinery in the main?

Col. HUNT. It would be engine lathes, boring lathes, thread-milling machinery, band-pressing machinery, special cutting-off lathes, band-turning lathes for turning copper bands, hydraulic forging presses, etc.

Mr. MONDELL. In the main it is standard machinery, is it not?

Col. HUNT. The forging presses are standard.

Mr. MONDELL. And the lathes also?

Col. HUNT. Yes, sir; the engine lathes would be standard in a certain way. They do not have all the attachments that we would ordinarily get in an engine lathe for general manufacturing purposes.

Mr. MONDELL. But your machine, in the main, is the standard machine, is it not—useful for any purpose for which a lathe would be used?

Col. HUNT. No, sir; they have no thread-turning attachment or such speed changes as you would ordinarily get in a standard manufacturing lathe.

Mr. MONDELL. Your manufacture requires a special lathe?

Col. HUNT. Yes, sir; for the special purpose of manufacturing shells.

Mr. MONDELL. I can not quite understand why a lathe that you would use for that kind of work could not be utilized for standard lathe work, and also, in the case of the presses—

Col. HUNT (interposing). The hydraulic presses are standard equipment, but the demand for hydraulic presses is not great.

Mr. MONDELL. The demand for lathes is, of course, very considerable.

Col. HUNT. Yes, sir. There is a certain percentage of those lathes that would be standard manufacturing lathes, but the others were made especially for the turning of shells.

Mr. MONDELL. Could not a good deal of that machinery be utilized if it were fed out to the trade in a reasonable way?

Col. HUNT. I think some of it could.

Gen. WILLIAMS. Most of it is for special purposes, and it has practically no value except for the manufacture of shells. No general manufacturing shop in the world is equipped with that kind of machinery.

Mr. MONDELL. The frame could not be used?

Gen. WILLIAMS. No, sir. The trouble is in the length of the lathes, and various features of it are designed for that particular purpose, and it would not be adapted to general work.

Mr. MONDELL. What is the character of the buildings in the main?

Col. HUNT. The buildings that I have seen are substantial buildings, of steel construction in most cases, with brick walls.

Mr. MONDELL. They are adjacent to operating industrial plants?

Col. HUNT. Yes, sir; and undoubtedly many of them will be salvaged by sale to those particular contractors.

Mr. MONDELL. Will not there be an opportunity for a very considerable salvage so far as the buildings are concerned?

Col. HUNT. There has not been any indication of it by proposals from any of those companies.

Mr. MONDELL. I imagine that there would not be a disposition to appear overanxious in a matter of that sort, but if they are, as you say, buildings of a standard type for manufacturing purposes and are well constructed and so located in connection with industrial plants as to be usable, it seems to me that they ought to have a very considerable value.

Col. HUNT. If they have any occasion to use them, yes, sir. They will be of value if they can use them. But, for instance, take the case of the Pressed Steel Car Co., near Chicago: They put up some large buildings for the manufacture of shells; their regular business is the manufacture of cars, and the car business is not such that they can utilize those buildings at all. They have more car capacity than they can now use.

ACQUISITION OF LEASED LAND UPON WHICH BUILDINGS WERE PLACED.

The CHAIRMAN. Have you in any of your contracts incident to the creation of these facilities a provision for the acquiring of the land on which they were placed?

Col. HUNT. I think not. I am not familiar with all the contract terms, but I think not.

The CHAIRMAN. Was not that matter considered in connection with the making of the contracts?

Col. HUNT. Not that I know of, no, sir.

VALUE OF PRODUCTS OF PLANTS AND CAPACITY THEREOF.

The CHAIRMAN. What has been the value of the product or of the ammunition that has been produce out of this \$100,000,000 plant investment? Have you any idea?

Col. HUNT. Product to the value of about \$83,660,000 had been made to October 31, 1918. I have also accumulative production figures here including the month ending October 31. We had produced 23,078,081 forgings for 75 millimeter shells, and of that number of forgings we had machined 11,516,950 high explosive shells, and 1,402,558 gas shells, which use the same forgings. Of course, that is the total of all our plants. That is not separated as to new or to existing facilities.

The CHAIRMAN. What percentage of the capacity was represented by the facilities that you created, and what by those that existed or that private manufacturers created?

Col. HUNT. My recollection is that we had a capacity of 230,000 shells per day in the calibers of 75 millimeters, the 2.95-inch, and 3-inch, which included antiaircraft guns. That was the total capacity developed. The British and Russians had developed, according to those figures I gave before, 95,000 per day. I think it was of which 23,500 was not utilized because the companies did not care to continue in the shell business. That makes a capacity of 71,500 for the existing facilities at the beginning of the war, and we have a capacity now of about 230,000 per day or three times as much for this one caliber alone.

THURSDAY, JANUARY 16, 1919.

STATEMENTS OF HON. NEWTON D. BAKER, SECRETARY OF WAR, AND MR. BENEDICT CROWELL, ASSISTANT SECRETARY.**PURCHASE OF LANDS AT FAYETTEVILLE, N. C., WEST POINT, KY., AND COLUMBUS, GA.—FIELD ARTILLERY CAMPS.**

(See pp. 1076, 1083, 1085, 1115, 1119, 1124.)

The CHAIRMAN. Mr. Secretary, in a hearing a number of weeks ago it developed before the committee that work was continuing to be done at a number of army camps; that land was being purchased at these camps and in particular at three of them, one in Georgia, one in North Carolina, and one in Kentucky. An estimate had been submitted to the Committee on Appropriations, in connection with the deficiency bill that became a law on the 4th of November, for the purchase of land at Fayetteville, \$1,500,000; at West Point, Ky., \$1,600,000, and a sum I do not now recall for the purchase of land in Georgia. The House carried a provision for two of these camps but did not carry any for the camp in Georgia. Subsequently the Senate struck out the provision for these two camps and in conference the matter went out of the bill entirely. We were under the impression, at least I was, and I think other members of the committee were, that inasmuch as Congress had not appropriated the moneys that the purchase of these lands would not be undertaken. It developed, however, at the hearing I have alluded to, that land was being purchased, and you will recall that I, therefore, called on you, on behalf of the committee, and suggested that in view of what had happened it was the opinion of the committee that the matters should be held in abeyance until Congress might express, by action of its own, its willingness to have the purchase of the land made. At that time it was not practicable, with the hearings that were going on, to immediately take up the matter, and so the matter has drifted on. I understand that since then you have had hearings before the Military Committees of the House and Senate and that the department has taken action in connection with the Georgia camp by practically abandoning the project, but has been or is going on with the project at the two other camps. The committee wanted to get from you a statement touching these three matters in particular, and generally touching the camps over the country, if you are in a position to advise us.

Secretary BAKER. I am very happy to have a chance to deal with the matters you have referred to, and after I have finished the statement I am able to make about them I am going to ask you to allow Mr. Crowell to go forward in detail, because he knows the details of these transactions and I do not know them except as I get them from him.

It was on the 13th day of December that you came to my office and called my attention to the fact that you understood purchases were being made of land at these three sites and that there was some belief and feeling on the part of Members of the House, and, perhaps, of the Senate, that the projects having been omitted from the deficiency bill, which was suggested in regard to these acquisitions,

it showed that Congress did not want those sites acquired and that we ought not to go forward. You will recall that in your presence I dictated a memorandum to the Chief of Staff and one to Mr. Crowell and I will read them into the record, if I may. The one to Gen. March is as follows:

Memorandum for the Chief of Staff: Please have the Operations Division draw up a statement showing their recommendations and the reasons for them with regard to the camps at Fayetteville, Columbus, and West Point, so that I can lay the plans of the department with regard to these three camps before Mr. Sherley's committee and Senator Martin's committee, and secure, if possible, their approval of the plans.

The second one was to Mr. Crowell:

Mr. Sherley called on me this morning with regard to the purchases of land to be made at Columbus, Ga., West Point, Ky., and Fayetteville, N. C. It is believed that the Congress in declining to make specific appropriations for these projects expressed its determination that the Government should not acquire the land at these three sites. It is, of course, important that whatever we do should have the informed acquiescence of the Congress. I desire, therefore, to have further land purchases at these three places suspended until I can present the matter fully to Mr. Sherley's committee and to Senator Martin's committee.

In addition to this it is important to have a schedule made of the sites of each of the camps which it is proposed to buy showing the land damages, the advantages and disadvantages of the various plans for disposing of these properties. Will you please have the necessary statements drawn up in writing for my information, showing just how far we have gone with regard to each one, and I will get the General Staff to put its recommendations upon which we are proceeding with the work at the first three camps named before me.

Immediately after that Mr. Crowell began at his end and Gen. March at his end to review the situation with regard to these three camps. It then appeared that what had happened was that Congress had appropriated for the use of the War Department very large sums in deficiency bills with which to start out upon the acquisition of these lands. Then we asked the Congress to make specific appropriations for them. The House passed those specific appropriations; the Senate did not pass them and in the conference they went out.

Gen. Snow, Chief of Artillery, was consulted and was talking with members of the conference committee about it, and he was advised that the reason those specific items went out was that it was felt the department did not need that additional money; that it already had money enough available for the purchase of these sites.

The CHAIRMAN. I do not know who so advised him, and, of course, I do not mean to question the impression that he obtained; but I never so advised him or anybody else, and on the floor I stated to the House, as I think the debate will show—I have not read it since it was had—that the Senate insisted on striking these matters out, stating that Congress ought to determine the policy as to permanent camps before appropriating money for the acquisition of lands, and that the House had receded from its position and had acquiesced in the Senate's position.

So that the matter was a closed matter as far as anything pending before the Congress was concerned. The moneys that had been appropriated by the Committee on Military Affairs, or this committee, in connection with camps, so far as this committee is concerned, I am sure, never had any known relationship to these particular camps.

Secretary BAKER. I think that is perfectly obvious.

The CHAIRMAN. These particular camps were never brought to the attention of this committee, and, so far as I know, to the attention of

any other committee, until they came in the form of regular estimates or the purchase of land at the three places.

Secretary BAKER. Was that to this committee or to the Military Affairs Committee?

The CHAIRMAN. They came to this committee for an appropriation in connection with the deficiency bill that became a law on November , and when they came the committee included two and excluded one. The matter was one of considerable discussion on the floor and the House sustained the action of the committee. The Senate threw them out, and, as I say, in conference we acquiesced in the Senate's refusal to appropriate the money and the bill did not carry a provision for these two camps. So that as far as Congress had ever specifically concerned itself with the three camps it had declined to appropriate the money for them.

Secretary BAKER. That is perfectly so, but the War Department got that idea; whether it was justified in getting it or not I have no way of knowing myself. Gen. Snow was very much interested in two of these camps. One was for long-range artillery practice, and he was very much interested in getting those lands, believing them important not only for our then preparations for the war but for the permanent use of the Army. As Chief of Artillery, he was consulting and talking with Members of the House and Senate about it, and he got the idea—and conveyed the idea to the department—that the reason the House receded from the two camps it had authorized and accepted the Senate's view, and the reason the Senate took the view it did was that there was enough money already appropriated to accomplish these purposes and that specific appropriations were not necessary.

Mr. GILLETT. The debate on the floor would seem to contradict that.

Secretary BAKER. Of course on the floor of the House they did pass them.

Mr. GILLETT. Yes; but I mean the statement that Mr. Sherley made.

Secretary BAKER. In the Senate?

Mr. GILLETT. No; on the floor of the House when the conference report was under consideration.

Secretary BAKER. That may well be.

The CHAIRMAN. I do not recall the exact language of it, but I recall that that was in my mind and then I probably stated it as I have stated it here.

Secretary BAKER. Clearly that was the opinion of both you and Senator Martin, and doubtless your committee was of the same opinion.

The CHAIRMAN. But the point is that even further along than that and at the time you dictated the memorandum—

Secretary BAKER (interposing). I had not finished with regard to that situation. The War Department believed that the Congress did not undertake to express a negative judgment but simply that there was money enough to do what we needed to do, so that they went forward with the arrangements about these camps, but there has not been very much land purchased at any of these camps. The major investment which the Government has made up to the present time is in buildings, roads, and things of that sort, which were plainly

within the emergency power of the department, because they were getting them ready for war. When the armistice came we immediately discontinued a number of these training grounds and camps but these three were regarded as important to be retained for the permanent use of the Army for training in these branches. The three camps were deemed to be necessary as permanent acquisitions, at least that was the military view.

Now, Mr. Crowell went over the matter from another point of view. We have already made a very large investment in this land. We had put people off; put them out of their homes, and they had made engagements to buy or rent other properties in which to live. We had created equities against the Government as to the original holders of the property which were serious, and there were damages to be paid if we were to treat these as leaseholds. As a purely business question Mr. Crowell undertook to determine whether it would be wiser for the Government to go forward with the actual purchase of the lands and even retain them, if that became the policy of the Congress, as permanent parts of the military equipment or at a later date salvage them, more at the Government's convenience and probably be able to save more money by so doing. It was on the business side that Mr. Crowell gave it his special attention, although the military importance was also considered. When you came to me these papers were written, and after I had seen you, and Mr. Crowell had made his study of the business question involved, and the military study had been made, it seemed to us that we should take up the question of the permanent acquisition of these properties with the Military Committees because they were dealing with the question of military policy. So I wrote Mr. Dent and Senator Chamberlain, asking each of them to arrange a hearing before their respective committees so that we could lay out the whole program before them. I went down to each of the committees and Mr. Crowell went and he was examined more at length than I.

As a result of that it was made to appear, as Mr. Crowell will be able to show you, that the land purchased in any one of these three camps is relatively a small item as compared with the total Government expenditure; that we were under contract with a lot of these people and that a lot of equities had grown up, so that in Mr. Crowell's judgment, and in mine, it was wiser and cheaper for the Government to buy this land and take its time in salvaging its investment—if that should ultimately be the attitude of the Government—than to abandon it and pay the damages that would be involved.

Mr. GILLET. When you say cheaper do you mean absolutely cheaper in cash?

Secretary BAKER. I think probably cheaper in money, but I am not sure of that because, of course, it would depend on what we ultimately could get for the land. But Mr. Crowell will show you the amount that is already invested in structures, and things of that sort, in which there would be a great loss if the salvaging were done inconsiderately and speedily. When Mr. Crowell was before the House committee I was called out of the city and did not hear the rest of the conference. They took no affirmative or negative action; they listened and discussed the matter and he simply laid the matter out before them, but no action resulted.

When we went before the Senate committee, however, the Senators who were present expressed pretty confident judgment that it was wiser not to go forward with the Columbus (Ga.) camp, which involved a very large acreage, but the amount already purchased being exceedingly small. There had been no large construction actually carried out there, and it was more nearly at the beginning than the other two. For that reason, when Mr. Crowell and I talked about it afterwards, we came to the conclusion that it was pretty clear from the Senate committee's attitude that they did not look with favor on the purchase of the Columbus (Ga.) camp, and we therefore have entirely discontinued any purchases at Columbus, Ga.

Mr. GILLET. That was the one this committee refused to appropriate for, was it not?

The CHAIRMAN. Yes.

Secretary BAKER. I did not remember that. With regard to the other two, we have felt that we should get the advice of the two Military Affairs Committees rather than depend on the judgment of the War Department as to those two; and although additional purchases have been made at those two places, they have not amounted to very much, and the matter has not gone very far, and it is still entirely possible for the Government to discontinue those two if that should turn out to be the wise thing to do.

I want to confess my own mystification or embarrassment about this situation. You gentlemen are better able to deal with it than I am. I notice in the memoranda which I dictated when Mr. Sherley was in my office that I stated in them that I wanted to bring the data before Mr. Sherley's committee and Senator Martin's committee, but that went entirely out of my mind. What I finally did was to consult the two Military Affairs Committees on the theory that those committees were the ones which could advise the War Department about a matter which involved War Department policy rather than the Appropriations Committee. Of course, you are just as much embarrassed as I am by the fact that appropriations originate sometimes in one committee and sometimes in another, so that I apologize for not having come to you with this and going to the Military Affairs Committees. My only excuse for that neglect is that they seemed to be the appropriate committees to consider a matter which involved the question of military policy.

The CHAIRMAN. Well, Mr. Secretary, aside from the military question as to whether land should or should not be bought, is the action of the department, if it should so develop, in going ahead and buying land after my talk with you in December, because I reported back to the members of my committee the conference I had with you and the fact that these letters had been dictated to the Chief of Staff and to the Assistant Secretary of War holding the matter in abeyance pending some determination, and the committee having that in mind has gone along with more pressing and bigger matters instead of immediately considering this matter, and I was particularly anxious that my whole action in the matter might be understood because of the fact that one of these camps happens to adjoin my district, and having on the floor of the House led the House to believe that the matter of buying land there had been abandoned, I did not want to laches to

appear to acquiesce in its being obtained contrary to the belief of the House.

Secretary BAKER. I perfectly understand that, and I am very happy to be able to tell the committee, and put it in the record, that your recollection of the transaction which you and I had together is accurate in every detail; but what I had in my own mind, as appears from these memoranda, was not that the Congress would undertake new legislation, on the subject but that we would look upon the problem as a business problem and lay it before the appropriate committees of the House and get their action and judgment for our own guidance, so that the legislative and executive departments would be moving along together in dealing with the matter, and in that way we would be acting with the concurrent judgment of the legislative body.

The CHAIRMAN. Mr. Secretary, I read from my remarks on the floor on October 26. In speaking of the action of the conference committee I said:

The Senate also struck out of the bill the provisions that were carried in it in respect to the acquisition of some land in the way of shooting galleries and ranges in Ohio, and two provisions in regard to the acquisition of land at Fayetteville, N. C., and West Point, Ky., and the House conferees have agreed to the Senate amendment. The Senate took the position that in view of the fact that at this time there has been no definite determination as to the military policy touching the number of camps that might be retained hereafter or the character of the needs for them, they did not think it was desirable to undertake the purchase of this land. Personally, I felt, as I stated on the floor the other day, that the matter of purchase was an economic matter, irrespective of whether the camps should be permanently retained or not; but in view of the fact that the question of policy had not been determined by Congress or by the department touching the retention of camps subsequently to the war, the matter could well wait for such determination, and therefore, the House conferees concurred.

Secretary BAKER. It is perfectly obvious that that statement, if it had been in my mind, would have led me to inquire further as to the permanent policy. It does not, however, at all militate against the action of the department in leasing this land and going ahead and using these camps for war purposes.

The CHAIRMAN. The matter of going on with construction that existed was one that could not be immediately cut off, and up to the actual signing of the armistice there was no desire on the part of anybody to curtail, so far as I know, the action of the department in making artillery camps, but the question of giving them permanency by the purchase of land was the question that came up by virtue of the submission of estimates for that specific purpose, with the action that has been detailed. And when the matter came back from the Senate, after the conference with the Senate, and the House had acquiesced in the Senate's action, in explanation of that I stated to the House that it was because the Senate believed that the question of the acquisition of land might well await a determination of the broad policy touching what camps were to be permanently retained and thereupon the House acquiesced. That was clearly an indication to the department that Congress did not expect money to be used in the purchase of land.

Secretary BAKER. I think it was.

The CHAIRMAN. And then when I learned about the matter through the hearing here, I immediately went to your office and brought it to your attention, with the result that the two letters were dictated that you have spoken of, and I assumed then that whatever

doubt there might be in the minds of everybody the matter would unquestionably be held in abeyance until Congress indicated a policy.

Secretary BAKER. It was; and the only difference that our minds ever maintained about it at all was whether that judgment of the Congress was to be expressed in affirmative legislation passing the two Houses or whether it was to be after consultation with the two Military Affairs Committees, which we sought to obtain.

The CHAIRMAN. Of course, I have not been able to see the hearings before the two committees because they have not been published.

Secretary BAKER. They are very indefinite.

The CHAIRMAN. And with no information as to what position the committees took—

Secretary BAKER (interposing). They are largely quiescent in the fact that nobody proposed definitely that we should stop or anything of the sort, but I think both committees can be said to have been impressed by the fact that the circumstances in which the Government found itself at the time of the armistice were such that we had moved people off of their lands; that we had put them in a position where they had made engagements for renting or purchasing other lands and that they could not proceed unless they were paid, and also that the investment of the Government in these lands was so very large that the relatively small amount involved in the purchase of the lands was unworthy of consideration in solving the problem.

Mr. GILLET. How did the Military Committees of the House and Senate express their opinions?

Secretary BAKER. There has been no vote in the House committee. The Senate committee had up the question of abandoning Camp Bennings, at Columbus, Ga., and they voted affirmatively upon the question of abandonment. The department has responded and abandoned that camp.

Mr. GILLET. So far as you know, there was no vote on the others?

Secretary BAKER. There was no vote on either of the others.

The CHAIRMAN. What is the status of those three camps? Presumably, from what you have just said, the South Carolina camp has been abandoned.

Secretary BAKER. No; the Georgia camp has been abandoned. The Fayetteville camp, in North Carolina, and the West Point camp, in Kentucky, have not been abandoned.

The CHAIRMAN. What is the status of those camps?

Secretary BAKER. Will you get that information from Mr. Crowell, because I have not that at all in my head now? As a matter of fact, I have been excused from attendance upon another committee only long enough to make this statement. Mr. Crowell can give you full details regarding those camps, and I will be happy to have your judgment upon them.

The CHAIRMAN. Mr. Crowell, can you tell us the status of those respective camps?

Mr. CROWELL. Yes, sir; I think I can give you what you want. These camps are widely separated, and the conditions are so different, that I will have to take them up separately.

The CHAIRMAN. We would prefer that.

CAMP KNOX AT STITHTON, KY.

(See pp. 1069, 1115, 1119, 1124, 1133, 1144.)

Mr. CROWELL. Camp Knox is at Stithton, Ky. The project was worked up nearly a year ago, and approved some time last spring. The work was started in the early summer, as I recall it. The project called for cantonments for six brigades of field artillery; officers' training school for 10,000 men; base hospital of 2,500 beds; auxiliary remount depot for 5,000 animals; veterinary hospital for 1,000 animals; cantonment for one aero squadron and one balloon school.

The acreage involved is 40,000, and the estimated cost of the land for the original project at that time was \$2,500,000, which is \$62.50 per acre. The total authorization for construction was about \$21,000,000. At the time of the signing of the armistice the amount spent and obligated on this construction was \$12,500,000. As rapidly as possible we made a survey of this camp to see what the best be done. The condition of the land purchased at that time was as follows—

The CHAIRMAN (interposing). First, before you read that, are you not mistaken in that statement as to the estimate of the land purchased? The estimate you submitted and that Gen. Snow testified to was \$1,600,000 for the land.

Mr. CROWELL. Are you sure that that was not the North Carolina camp?

The CHAIRMAN. It was \$1,500,000 for Fayetteville, N. C., and \$1,600,000 for West Point, Ky.

Mr. CROWELL. This is the only figure I have ever seen, and I have been familiar with it from the start. From an examination of the papers I find a reference to that figure. I find these references to it

The above authorization for the expenditure of \$500,000 for the acquisition of land at this camp was subsequently increased to \$1,600,000, and the increase approved by the Assistant Secretary of War in an undated memorandum.

Then, there was a further increase, to which the following reference is made:

The real estate unit of purchase, storage and traffic, Maj. Holden, advises that shortly after the authorization of the purchase of approximately 40,000 acres of land representatives of the division were sent to the camp prepared to negotiate with the owners for the various parcels embraced in the site; that the original site as indicated on the map from which the estimate as to the value of the land was made was changed so as to embrace the town of Stithton and considerable land to the south thereof. This change increased the total cost of the area of which the Government has taken possession from \$1,600,000 to upward of \$2,500,000. Real estate unit states further that it has approved purchases of land amounting to \$581,597.33.

The CHAIRMAN. Now, Mr. Secretary, on the 3d day of October 1918, Gen. Snow testified before this committee in regard to this project. He was asked as to the estimate for the purchase of land at West Point, Ky., at \$1,600,000, and he testified that they proposed getting 40,000 acres of land, to cost \$1,600,000. That is the only information that we have ever had as to the extent of the contemplated project there.

Mr. CROWELL. I will change my statement as to the final estimate cost and return to the figure of \$2,500,000.

The CHAIRMAN. You were about to tell us what the situation was the land when I interrupted you.

Mr. CROWELL. Prior to the armistice, \$154,444.25 had actually been paid to the owners. Formal acceptances had been made aggregating \$581,597.33. The construction quartermaster had taken possession of numerous properties for which settlement has not been made or price agreed upon, involving a total of between \$400,000 and 500,000. It is estimated that about one-third of the entire area is cultivatable land, the average holdings being those of small farmers with tracts of 50 to 75 acres each.

It is estimated that 60 to 75 per cent of the holdings have already been vacated by the owners. Every family within the area involved has been consulted and informed that they would not be allowed to raise crops on the land this coming year. It is believed that practically every family that had not already vacated had already committed themselves to other plans based on the representations that the Government would take over their lands. Of the entire 40,000-acre tract, approximately 10,000 acres was the old artillery target range which has been under lease for some time and which had already been vacated by the inhabitants. In many instances the buildings have been destroyed, or seriously damaged. In other parts buildings have been removed by the constructing quartermaster to make room for the cantonment construction. The total funds authorized to acquire the lands at Camp Knox are \$1,600,000. Additional funds have already been requested as this amount is found insufficient.

The CHAIRMAN. You say "have been requested." You do not mean requested of Congress?

Mr. CROWELL. No, sir; of the War Department.

The CHAIRMAN. Are you able to tell us just how much land, if any, had been procured prior to the hearing that was had before this committee, which was on October 3, and how much had been procured prior to November 4, when the deficiency bill became a law?

Mr. CROWELL. No, sir; I am not able to give that.

The CHAIRMAN. The total amount that you have spent up to now for land amounts to how much?

Mr. CROWELL. Prior to the armistice \$154,444.25 had actually been paid the owners at Camp Knox.

The CHAIRMAN. For how much land?

Mr. CROWELL. I have not that information.

The CHAIRMAN. Do you know the average price?

Mr. CROWELL. \$62.50 per acre is the average price.

The CHAIRMAN. Is that the average price of the whole area or the average price of the land you bought?

Mr. CROWELL. The average of the whole area. We figured 40,000 acres at \$2,500,000.

The CHAIRMAN. You do not recall the amount of acreage that was obtained for this amount of money?

Mr. CROWELL. No, sir.

The CHAIRMAN. Will you supply that information in the record?

Mr. CROWELL. I will do so.

NOTE.—Nine hundred and fifty-four acres at a cost of \$59,674, an average of \$62.33 per acre; small lots and houses, \$96,000; total, \$155,674.

The CHAIRMAN. How much more has been obligated?

Mr. CROWELL. Formal acceptances have been made aggregating \$581,597.33.

The CHAIRMAN. In addition to the other amount?

Mr. CROWELL. Yes, sir.

The CHAIRMAN. What do you mean by formal acceptances?

Mr. CROWELL. That means that the papers have been closed up except the paying over of the money. The contracts have probably been closed and they are waiting for the abstracts to be worked out.

The CHAIRMAN. How much money have you actually paid out for land?

Mr. CROWELL. \$154,444.25.

The CHAIRMAN. That is what you had paid up to the time of the signing of the armistice. What have you paid out since?

Mr. CROWELL. I can not give you that, except that it must be a very small additional amount, because we stopped this soon after the armistice.

The CHAIRMAN. I understood from the Secretary that you were going ahead and buying land from the owners.

Mr. CROWELL. That has only been within a very few days, and nothing could have been bought within the time that we have started up again.

The CHAIRMAN. Will you place in the record exactly the amount up to date?

Mr. CROWELL. Yes, sir.

NOTE.—Amount actually disbursed by the constructing quartermaster up to January 20, 1919, \$307,643.75. Disbursed up to the signing of the armistice, \$154,444.25. Difference of amount spent since the signing of the armistice, \$153,199.50.

The CHAIRMAN. To what extent do you consider yourself bound? You spoke of acceptances; is the Government bound by those acceptances, or are they simply options that the Government had indicated an intention of closing?

Mr. CROWELL. I think the Government is legally bound by the acceptances, and I think we are morally bound to buy the whole tract.

The CHAIRMAN. Why?

Mr. CROWELL. Because we have put the people off and told them that we were going to buy it, and these are people who are not able to go away unless they get money for their land. They are largely small farmers.

Mr. Sisson. Have you tried to arrange, or has any effort been made to arrange, with the people to come back on their land?

Mr. CROWELL. No, sir; because we considered that this had gone so far and the amount of money that had been spent was so great that it was wise to buy the land. We had spent \$12,000,000 on that land.

The CHAIRMAN. That, of course, is equally true of many other camps that are on leased land. You have spent not only \$12,000,000, but frequently \$20,000,000 on leased land at other camps.

Mr. CROWELL. There were no leases involved in this transaction.

The CHAIRMAN. There could have been leases?

Mr. CROWELL. Yes; if we had decided to lease the land in the first place.

The CHAIRMAN. In point of fact, when you first moved to West Point, did you not take leases?

Mr. CROWELL. We had leases on the 10,000 acres, as I have already stated, but it was immediately determined to buy the whole tract and no attempt was made to lease any land.

The CHAIRMAN. How much land have you taken possession of and touching which people have been dispossessed at West Point?

Mr. CROWELL. Roughly, the whole acreage—40,000 acres.

The CHAIRMAN. Are you sure about that, Mr. Secretary?

Mr. CROWELL. I have just read that. This is the statement of the Chief of Operations: "It is believed that practically every family that had not already vacated had already committed themselves. Every family within the area involved has been consulted and informed that they would not be allowed to raise crops on the land this coming year."

The CHAIRMAN. That may be, and yet that would not mean that you had taken possession of the land. Of course, they would not prepare much of the ground until next month.

Mr. CROWELL. That is very true. It seems evident to me that having had agents out there they have practically committed us to the purchase of land.

The CHAIRMAN. What do you figure the Government is going to spend in the event it bought this land?

Mr. CROWELL. \$2,500,000.

The CHAIRMAN. The town of Stithton it would not have to buy. Those people are engaged in farming and have not moved away, have they?

Mr. CROWELL. Yes; a great many houses have been built; that is, our buildings have been built right in the town of Stithton.

The CHAIRMAN. You do not mean that the houses in that little town have been pulled down and Government houses built?

Mr. CROWELL. I do not know how many have been pulled down, but I know that Government buildings have been built in the town.

The CHAIRMAN. That would not hurt those houses, of course?

Mr. CROWELL. No.

The CHAIRMAN. What we should like to know is how much the Government is involved if we do not want to go forward with this camp?

Mr. CROWELL. I should say that it was involved to the entire amount, if you mean by that to include moral obligations.

The CHAIRMAN. I do not mean either. In the first place, your statement now indicates that you expect to spend a million dollars more than you expected to spend on October 3.

Mr. CROWELL. Yes, sir.

The CHAIRMAN. When this statement was made and the explanation of that, as far as it is explained, is that you expect to take over or have taken over part of the little town of Stithton.

Mr. CROWELL. Yes, sir.

The CHAIRMAN. In point of fact, if you have not taken over that town and most of the people were still living there, that would relieve the Government, if it tried to get relieved, of a very large part of the expense. What the committee would like to know is how far the Government would be compelled to pay in the form of damages if it undertook now to reverse its policy and not to buy the land there?

Mr. CROWELL. I can not answer that question; I do not see how anybody could. It is pretty hard to tell what the damages would be.

The CHAIRMAN. How can this committee then pass judgment upon the wisdom of buying as against leasing? It was testified by Gen. SNOW at the time he was before the committee he favored buying the land at an expense of \$1,600,000 in lieu of renting and paying damages which, I think, he estimated at something over \$500,000. If you do not know now what it is going to cost the Government not to go ahead, we can not judge whether it should go ahead or not.

Mr. CROWELL. Our experience with the original cantonments and the leasing of land were so disastrous that the question of renting this land never came up. It was recommended by the different committees throughout that this land be purchased, and when it finally came up to me I never considered the leasing of the land.

The CHAIRMAN. Is the committee to understand that irrespective of whether you expect to go forward with this camp or to maintain it at all, that you think the Government ought to expend something like \$2,000,000 in land purchases down there?

Mr. CROWELL. Of course, my judgment is not made irrespective of the future of the camp. The Chief of Field Artillery and of the Operations Division tell us that this is absolutely necessary, and being necessary as a camp, no matter what the size of the Army is. I think it is highly desirable to buy the land instead of attempting to lease it.

The CHAIRMAN. How much have you invested on this land?

Mr. CROWELL. In buildings, over \$12,000,000.

The CHAIRMAN. What have you there?

Mr. CROWELL. We have the whole project nearly complete. If you will allow me to go ahead, I will tell you what change was made at the time of the signing of the armistice. We found that the work was so far along that we could cut it down to some extent. This is as far as we could cut it, because the buildings had progressed just so far. Cantonments for four brigades of Field Artillery, one aero squadron, and one balloon school, with proportionate reduction in auxiliary accommodations, and omitting entirely officers' training school. This brought the cost down—reduced it about \$4,600,000, as near as we can estimate.

Mr. GILLET. That \$4,000,000 does not include the land?

Mr. CROWELL. No; that is the saving on construction.

Mr. Sisson. Is there any land included in the \$12,000,000?

Mr. CROWELL. No.

Mr. Sisson. None of the land that you will purchase?

Mr. CROWELL. No, sir; we only paid \$154,000 on the land.

Mr. Sisson. The \$154,000 is not included in the \$12,000,000?

Mr. CROWELL. No, sir.

The CHAIRMAN. How much have you spent in buildings, how much in roads, how much in sewerage, water, and various other items at this camp?

Mr. CROWELL. I will have to furnish that information for the record.

The CHAIRMAN. You have not that information now?

Mr. CROWELL. I am afraid I have it not separated as you want.

Expenditures at Camp Knox, Ky.

General overhead and temporary buildings.....	\$750,000
General building construction.....	6,000,000
Roads, grading, and railroads.....	1,700,000
Sewers and water.....	400,000
Plumbing and heating.....	550,000
Electric wiring.....	300,000
Total disbursed.....	9,700,000
Obligated for materials and outstanding accounts.....	2,800,000
Total spent and obligated.....	12,500,000

The CHAIRMAN. Is this camp occupied?

Mr. CROWELL. Yes, sir.

The CHAIRMAN. To what extent?

Mr. CROWELL. Except that there is a large force of Artillery there at work, I can not tell you—I can furnish that for the record later.

There are at present in Camp Knox one brigade of Artillery, occupying approximately completed cantonments.

The CHAIRMAN. Has all construction ceased at that camp?

Mr. CROWELL. No; the construction is going ahead.

The CHAIRMAN. As to the construction—what is finished and what is going forward, Mr. Crowell?

Mr. CROWELL. The present project, which I just read, is what we are figuring on: Cantonments for four brigades of Field Artillery, one aero squadron and one balloon school, with proportionate reduction in auxiliary accommodations and omitting entirely officers' training school.

The CHAIRMAN. How much of that has been done?

Mr. CROWELL. You can judge that largely by the figures, \$12,500,000 has been spent on this out of a total of \$16,500,000, the estimated cost.

Mr. Sisson. That is to complete what you expect to?

Mr. CROWELL. Yes, sir.

Mr. Sisson. Where is the saving of \$4,000,000?

Mr. CROWELL. The original project called for \$21,000,000, and that has now been reduced to \$16,500,000, of which \$12,500,000 has been spent.

The CHAIRMAN. Are you prepared to say what moneys could be saved from being expended, in case that camp work was stopped now?

Mr. CROWELL. In case that work was stopped I am not prepared to say what settlement could be made regarding the land, but as far as the building goes the difference between \$16,500,000 and \$12,500,000 would be saved. There is about \$4,000,000.

The CHAIRMAN. Of course, some buildings might be so near completion or the material ordered or on the ground that you would have an expense in addition to what you have already paid out, so that there may not necessarily be a clear saving of the difference between what you have paid out and the estimated cost of the completed project?

Mr. CROWELL. No. You would get little saving if you stopped work right now.

The CHAIRMAN. That depends, of course, on the condition that the work is in. That is what we wanted to know, if you were advising about it.

Mr. CROWELL. We sent a board to make that study and they came back and made a report, and the lowest that we could reduce this project to was the one I have outlined, and we, therefore, reduced it immediately to that.

Mr. CANNON. You cut it down to four brigades?

Mr. CROWELL. Yes, sir.

Mr. CANNON. And you cut off the officers' quarters?

Mr. CROWELL. Yes, sir.

Mr. CANNON. That, you estimate, will cost \$4,500,000?

Mr. CROWELL. The saving. The service buildings were cut in proportion.

Mr. SISSON. Of what were the buildings constructed?

Mr. CROWELL. Wood.

Mr. SISSON. For the unused material, uncut, you would perhaps be able to get at least what you paid for it?

Mr. CROWELL. I am afraid not; we have such a large amount of it.

Mr. SISSON. The world has practically been without lumber since the beginning of the war.

Mr. CROWELL. We have a tremendous amount of it on the projects which we have stopped.

Mr. SISSON. Of course, it would relieve the situation if the Government could dispose of that lumber?

Mr. CROWELL. We are doing so now. We find that in some cases we get as high as 80 per cent of what we paid and in others we get less than 50 per cent.

Mr. SISSON. Unless the lumber is very well classified, almost as well as in a lumber yard, you could not dispose of it to some dealers as well as the mills, because you bought lumber for certain specific purposes and a great deal of it is not useful in the building trades?

Mr. CROWELL. Yes, sir.

The CHAIRMAN. You are not prepared to tell us, then, what the Government will have to pay, if it abandons this project, in the way of land?

Mr. CROWELL. No.

The CHAIRMAN. As to building we would save something on \$4,000,000 worth of work that is going on?

Mr. CROWELL. Yes, sir.

The CHAIRMAN. Do you know what portion of this area is being used and has been altered in any way by virtue of the camp being there?

Mr. CROWELL. The 10,000 acres that we had originally upon lease has been used for some time for artillery practice and, I suppose, is pretty well devastated. The other 30,000 acres has been partly used and part of it has not been used.

The CHAIRMAN. That which has not been used, would the Government have to take that if it did not want to?

Mr. CROWELL. I think the Government is not compelled legally to take that land, but in the case of the dispossessed people there is a certain moral obligation.

The CHAIRMAN. Unquestionably a moral obligation to restore their land with such damages as they have suffered by virtue of being dispossessed, but I was trying to ascertain whether you had any information touching what that would amount to, and whether

it was practicable to turn back a considerable portion of this land and pay the incidental damage.

Mr. CROWELL. Every attempt to get an estimate of that kind has failed.

The CHAIRMAN. What attempts have been made in regard to West Point?

Mr. CROWELL. I have asked several of the officers in the Division of Operations to make the estimate and they have come back and told me that they could not make anything reliable.

Mr. SISSON. They just determined to buy?

Mr. CROWELL. Yes, sir.

Mr. SISSON. And therefore they made no investigation along his line?

Mr. CROWELL. Exactly.

CAMP BRAGG, AT FAYETTEVILLE, N. C.

(See pp. 1069, 1115, 1119, 1124, 1133, 1152.)

What is the condition at Fayetteville, N. C.?

Mr. CROWELL. At Camp Bragg the original project called for a camp of 46,000 men. This was another field artillery training camp. It was to be a training school for six brigades of field artillery, including one aero squadron and two balloon companies. The acreage involved was about 135,000.

The estimated cost of the land was \$1,500,000, about \$11 per acre. This was originated in the spring of 1918, almost a year ago. The authorization for construction was \$16,841,000. At the time that the armistice was signed a careful study was made of this project and it was reduced to a camp of about 16,000 men, to consist of two brigades of field artillery, one aero squadron, and one balloon company, the acreage remaining the same. The Construction Division estimated a saving of about \$5,000,000 by changing the original project to the present project. There had been at that time, at the time of the signing of the armistice, \$7,500,000 spent on this project in construction. The status of the land is as follows: \$33,607 had actually been paid to owners and formal acceptances yet unsettled had been made amounting to \$48,360.80. Petition for condemnation had been filed covering 8,000 acres. About 10 per cent of the entire reservation is cultivated lands. All owners and tenants had been notified that their lands would be taken over by the Government, and in many instances they have arranged to go elsewhere and in many instances have actually moved. All were notified they could not raise a crop this coming year on these lands.

In some instances the tenants had purchased elsewhere, making a small payment and giving notes for the balance, relying upon the receipt of their money from the Government for their present holding to pay for the new lands acquired. The lands on which condemnation proceedings had not been filed and on which agreement had not been made with the real estate unit, were in a status undergoing adjustment or agreement for price between the owner and the real estate unit. It is believed that in many instances in these cases condemnation proceedings will be necessary. Of the cultivated land, a greater portion of it was holdings of small families, who of necessity must secure payment from the Government before they can acquire land elsewhere. So that this project having gone not

so far, we were able to cut it down to a much smaller size, and that was done.

The CHAIRMAN. What do you expect to expend there?

Mr. CROWELL. About \$11,000,000, of which \$7,500,000 has already been spent.

Mr. BYRNES. That is for construction?

Mr. CROWELL. Yes, sir. The land is \$1,500,000.

Mr. BYRNES. I notice that you are advertising all over South Carolina as well as in Georgia for laborers for Fayetteville to assist in the construction of this camp. Have you found it so difficult to get laborers there?

Mr. CROWELL. At present?

Mr. BYRNES. Yes; yesterday.

Mr. CROWELL. I do not know.

Mr. BYRNES. I saw in the Columbia State a quarter of a page advertisement, at a time when the farmers are having trouble with farm hands and laborers, for laborers to work on this camp at Fayetteville.

Mr. CROWELL. I presume they have had great difficulty in holding their labor. We cut out the overtime and Sunday work after the armistice was signed, and of course that reduced the pay.

Mr. BYRNES. You are still paying them a high rate of wages?

Mr. CROWELL. The high rate of wages was caused by the payment of overtime. We now pay only for the standard eight hours and pay them only the pay that was being paid in that district for the same work. Those things are usually fairly stable, but what attracted labor was that we paid them two hours overtime at the rate of time and a half. That will increase their wages, you see, by about 25 per cent.

Mr. BYRNES. I do not know how they did it, but I do know that anybody who could hammer a nail was making \$6 or \$7 a day, men who had never posed as carpenters before. That was inevitable, I presume, during the war period, but I thought we had reached the end of it with the end of the war, but it would seem that we have not from the advertisements which have appeared as late as this week, and just at this time I think it would be a rather demoralizing thing, especially in view of the fact that claims are being made that there is so much unemployment in some sections of the country, so that the department, it seems to me, could go to these sections where there is this unemployment instead of going to places where there is a shortage of labor.

Now, let me ask you this question: Did you consider the advisability of continuing construction upon this camp at the time of the signing of the armistice as opposed to the policy of using some camp in existence at that time?

Mr. CROWELL. Yes, sir; we did. We were informed by the Division of Operations that there was no camp in existence that could be used and that no camp would be as economical as to finish this one, because the work had gone on so far.

Mr. BYRNES. At existing camps you had roads built?

Mr. CROWELL. Yes, sir.

Mr. BYRNES. Sidewalks in some places?

Mr. CROWELL. Yes, sir.

Mr. BYRNES. And sewerage?

Mr. CROWELL. Yes.

Mr. BYRNES. And notwithstanding all of those improvements it was deemed wiser to go ahead with the construction of a new camp?

Mr. CROWELL. Yes, sir.

Mr. BYRNES. Instead of utilizing a camp where those improvements had already been paid for?

Mr. CROWELL. Yes, sir.

Mr. BYRNES. How did they reason in reaching that conclusion?

Mr. CROWELL. This is not as much a question of housing as it is a question of a wide area of country over which they can maneuver artillery and fire it. Think of the acreage there is here. I know of no present cantonment around which we can buy land at anything like \$11 an acre. They are all close to towns and in many cases almost suburban property, and in none of those camps did we have any acreage large enough, or anywhere near large enough, to form such a camp as this.

Mr. BYRNES. At no one of the 32 camps had you adjoining land which was available for this purpose?

Mr. CROWELL. Not that had been bought as cheaply as we could finish this.

Mr. BYRNES. Was any investigation made?

Mr. CROWELL. Yes, sir.

The CHAIRMAN. You had some western camps of considerable acreage?

Mr. CROWELL. Yes, sir.

The CHAIRMAN. Have you ever considered using them?

Mr. CROWELL. The Chief of Artillery and the committee were instructed to consider every camp that we have.

The CHAIRMAN. And they decided on this camp?

Mr. CROWELL. They did; and the division of operations backed them up without any division.

The CHAIRMAN. Has the War Department come to any determination touching camps?

Mr. CROWELL. I have some very interesting figures that I would be glad to present to you on this subject after you get through with me on these. I have made up my own mind as to what we ought to do.

CAMP BENNING, COLUMBUS, GA.

(See pp. 1069, 1115, 1133, 1153.)

The CHAIRMAN. Suppose you give us now the situation in regard to the Georgia camp.

Mr. CROWELL. The Columbus (Ga.) camp is called Camp Benning. The original project at Camp Benning called for cantonments for approximately 26,000 officers and men. The first appropriations I have described have been for artillery training camps, and I want to call your attention to the difference between an artillery training camp and a mere range where they can fire. They can teach a gun crew to shoot at these ranges, but these projects provide ground over which the batteries can be hauled and maneuvered, and that is the reason why we require such a vast acreage.

Camp Benning is a school of arms, an establishment of infantry school of arms to train 4,000 graduates of central officers' training schools for infantry each month, and the total number of students in attendance was 12,000. The land proposed was about 130,000

acres; the estimated cost of the land was \$3,600,000, or between \$25 and \$30 per acre. The authorization for the construction was \$10,855,000. At the time of the armistice a restudy was made and the size of this school was reduced, and other camps which had been started were brought in and centralized at this point, so that the present project provides for a main infantry technical training school including school of arms for infantry and cavalry, machine-gun school for all arms, and a tank school. It is to be of semipermanent cantonment construction for approximately 10,000 officers and men, the reduction being from 26,000 down to 10,000. The construction estimates increased up to \$14,000,000, and the amount which has been spent and obligated at that time was \$1,500,000. The condition of the land purchased was this: Prior to November 11 a petition for the condemnation of the entire 115,000 acres had been filed. You will notice I am giving you different acreages; I gave originally 130,000 acres, but it has been changed now to 115,000. These things have varied as the study has progressed, and the acreages are only approximate in any event. The necessary preliminary steps were taken for making arrangements for clearing the land of inhabitants and making investigations with respect to real estate values, but no land had actually been cleared prior to the armistice. Since that time 25 or 30 families have actually been moved from the tract in and near the rifle range. That was after the armistice was signed and during the time that a further study was being made.

The CHAIRMAN. Do I understand that you have actually stopped there?

Mr. CROWELL. We have actually stopped.

The CHAIRMAN. When did you stop?

Mr. CROWELL. I think it was last Saturday night. We stopped the same day that the Committee on Military Affairs of the Senate passed the resolution requesting us to stop.

The CHAIRMAN. What are you doing now?

Mr. CROWELL. We are cleaning up, and we are going to salvage all we can.

The CHAIRMAN. Have you notified the people in interest that you are not going ahead, so that they can govern themselves accordingly?

Mr. CROWELL. Orders have been given to do that.

Mr. BYRNES. You know that down there they still have time to prepare for their agricultural work, and unless you have given them notice they will make claims against you on the ground that you did not give them notice until so late that they were unable to do anything, and you will have to pay more money.

Mr. CROWELL. I think that nearly all the inhabitants in this district were represented here and heard about it. A great many of them came up here.

Mr. BYRNES. But when they come to file claims they will say they did not know anything about it.

Mr. CROWELL. We have a good organization handling it down there.

Mr. Sisson. What sort of a notice did you give these people—a notice in writing or a mere verbal notice?

Mr. CROWELL. I do not know.

Mr. CANNON. You say this project has been abandoned?

Mr. CROWELL. Yes.

Mr. BYRNES. Do you propose to establish a camp at any other place for the same purpose?

Mr. CROWELL. Yes.

Mr. BYRNES. Where?

Mr. CROWELL. What we now propose to do is to change the Fayetteville camp and turn it into a school of arms for the training of infantrymen, machine gunners, and tanks.

Mr. BYRNES. I thought the peculiar importance and desirability of that camp was due to the fact that it made such a good Artillery camp.

Mr. CROWELL. It does; but these other arms must be trained, and we must do it somewhere.

Mr. BYRNES. It was for tanks too, was it not?

Mr. CROWELL. Yes.

Mr. BYRNES. Then this camp that was so useful as an Artillery camp you are not going to use for that purpose at all?

Mr. CROWELL. Not if our study indicates that; but we must train our Infantry; we must train our tank men; we must train our machine gunners, and to do that we must have some such place. We think the Field Artillery can get along at Stithton and we can train these other arms at Fayetteville.

UTILIZATION OF CAMPS AND CANTONMENTS.

(See pp. 1116, 1122, 1124, 1139.)

The CHAIRMAN. Has the War Department any program that it is prepared to stand for in connection with the camps, the size of the Army or the various units that are to be trained in the future?

Mr. CROWELL. The War Department's program calls for an Army of about 500,000 men.

The CHAIRMAN. Has it ever gotten any less nebulous than just the statement that it calls for 500,000 men?

Mr. CROWELL. It is in the hands of the Military Affairs Committee now.

The CHAIRMAN. When did it go there?

Mr. CROWELL. Yesterday.

The CHAIRMAN. Has any program been worked out in connection with the camps?

Mr. CROWELL. What camps do you mean?

The CHAIRMAN. All the camps, and whether you are going to abandon them, when you are going to abandon them, what ones you are going to abandon, or any program touching the various camps over the country?

Mr. CROWELL. We are hard at work at it. I would be very glad—and it will not take me very long—to show you some of our problems in connection with these camps, if you are through with these three. I am going to present to you the case of the original cantonments. These are the 16 original cantonments in which we trained the National Army; of these we now own two. The ones we own are Camp Funston and Camp Lewis. The acreage that we lease in all the other camps—I am now talking about the 14 we are leasing—amounts to 131,437 acres and the annual rental we pay is \$858,887.

The CHAIRMAN. Is that your present annual rental or is that the annual rental that you will have to pay within a short time?

Mr. CROWELL. It is both. Our leases expire on the 1st of July 1919, but we have a renewal privilege for three years.

The CHAIRMAN. Was not land given to you at many camps without leasing expense or a nominal leasing expense for a given time?

Mr. CROWELL. I know of no entire camp in which that was the case.

The CHAIRMAN. But I mean considerable areas in many of the camps; was not that true?

Mr. CROWELL. There is some variation in the different camps, but I am dealing with them as a whole because I feel it is the only way I can give you this information in a short time. It is true there are some exceptions of that kind, some parcels having been given to us, but I am giving you the total amount of rental that we are required to pay. The total investment in these 14 camps is \$145,500,000. What we are especially studying is what we are going to do with these improvements we have made. We know we require them during this period of demobilization, which is somewhat indeterminate, and we know that we must either buy these camps or we must lease them for another three years. If we lease them for three years beginning July 1, we will then have time to demobilize our troops and what worries us is: How are we going to salvage this investment of \$145,000,000?

Mr. BYRNES. Why do you say you must lease them for three years?

Mr. CROWELL. Those were the only terms on which we could get these tracts.

Mr. BYRNES. Is that true of all these camps—that you can not get a lease for one year?

Mr. CROWELL. Those are the terms of our written leases.

Mr. SISSON. Do you not think that if you suggested you were going to move a camp it would result in your ability to get a shorter lease?

Mr. CROWELL. I doubt whether in many cases we could.

Mr. SISSON. Do you not think you could do that in every case?

Mr. CROWELL. That might be possible, but I do not know.

Mr. SISSON. The \$145,000,000 was the cost of the improvements?

Mr. CROWELL. Yes, sir.

Mr. SISSON. What is the total amount you have to pay for leasing the lands?

Mr. CROWELL. \$858,887 per year.

Mr. SISSON. Per year?

Mr. CROWELL. Yes, sir.

Mr. SISSON. If you were to make an effort to get these camps or cantonments for a year you could then make arrangements to retain another one in the event that arrangements could not be made for a year at any particular camp, and to my mind you would have no trouble in doing that because the local influence would be such as to give you the lands under those terms.

Mr. CROWELL. That may be right, but may I present the rest of my statement, because I think it will anticipate some of the questions you are going to ask. We have made a very careful estimate of what it will cost to buy these camps; that is, to buy the land that lies under these camps and it amounts to \$9,650,000. Then our next computation was: What will it cost if we do not buy them? We will pay rent and rent them for three years and then abandon

them, and the total net rental for that three-year period is \$1,256,500. The lowest estimate I have had as to the damages to lands, which we are required to pay under these leases, is \$2,933,000, and I have had other estimates nearly twice as high as that. The lowest estimates we have had as damages to improvements on these lands, for which we are liable under these leases, is \$1,254,000. So that if we merely leased these lands that are necessary for this three-year period and then pay these damages we will have to pay \$5,443,500 for that privilege, against which we can buy these for \$9,650,000. In other words, the net cost to us of owning these lands is \$4,206,500; the net value of these lands that we are going to buy, taking as worthless those on which heavy damages are estimated, is \$6,717,000. So that as a whole we see a direct profit of \$2,500,000 by buying these lands to-day, and in figuring that profit we are neglecting an area of about 48,000 acres that we are charging off simply because we have damaged them to such an extent that they are no longer of any value as agricultural lands.

The CHAIRMAN. Mr. Crowell, your statement rather indicates your belief that the land at all of these cantonments ought to be bought instead of leases being entered into.

Mr. CROWELL. Yes; if we leave aside all military value whatever it seems to me, as a purely business proposition, that they should be bought. I have shown an apparent profit of \$2,500,000 from this, but, as a matter of fact, these cantonments have almost no salvage value, I am afraid. We have had many estimates made, but if we were to sell these on short notice to the wrecking companies they tell us we would get very little for them, and if we were to attempt to wreck them ourselves I think we would get even less. But in this case we get no salvage whatever for anything below the ground, where there have been large expenditures in the way of water systems, and sewage systems, which were done very carefully, and, as you know, we spent a lot of money on them. Now, what have we been doing at these cantonments? We have been doing just what is being done by real estate companies throughout this country. We have developed tracts of suburban land and we have added tremendously to their value and if we bought these I am inclined to think that we could realize on them as tracts of suburban land, especially if we have to real estate companies time in which to make payments. In that way we could estimate very large values for these tracts.

The CHAIRMAN. Have you any idea as to when you are going to cease to need these cantonments for Army purposes?

Mr. CROWELL. You see each one of them has a hospital and it is very difficult to know how soon we can give up the hospitals, and if we continue to use them for that purpose I am inclined to think we are likely to use them for a year or a year and a half at the least.

Mr. BYRNES. For what purpose did you say?

Mr. CROWELL. We are using a good many of them for demobilization purposes; in fact, all of these 16 are now being used for demobilization purposes.

Mr. BYRNES. Do you expect that to continue for a year and a half?

Mr. CROWELL. It depends entirely on how fast we get the troops back.

The CHAIRMAN. What becomes of your theory of having an Army of 500,000 men after the 1st of July?

Mr. CROWELL. I do not quite catch the drift of your question.

The CHAIRMAN. You are asking that provision be made by Congress for an Army of 500,000 men for the next fiscal year.

Mr. CROWELL. Yes, sir.

The CHAIRMAN. Which would seem to imply that you expect to reduce the existing Army to 500,000 men by next July. If that be true, why should you need these cantonments for a year and a half?

Mr. CROWELL. We have upwards of 2,000,000 men over there now, and the most that we can see at this moment is the return of 250,000 per month. Now, if we could bring all of them back, as you will see, it will take nearly a year. As a matter of fact, we do not know how long they will have to remain over there.

The CHAIRMAN. Your Army of 500,000 men to the 1st of July is simply talk now. I mean by that that it is mere guesswork.

Mr. CROWELL. I think it is guesswork.

The CHAIRMAN. Why do you keep talking about having 500,000 men after July 1?

Mr. CROWELL. Simply because we have got to have something for a basis of estimate.

The CHAIRMAN. But that is not something. That is entirely misleading in view of the facts.

Mr. CROWELL. The first estimates, of course, came from Gen. Pershing, and I think that the tentative size of the Army was worked out over there. As a matter of fact, I had very little to do with the Army bill, and probably I am not the one to answer that question.

Mr. BYRNES. At the rate of 250,000 per month, you could not hope to get rid of them by the 1st of July.

Mr. CROWELL. No, sir; it would take nearly a year.

Mr. Sisson. It would take seven months. How much do you think it will cost you to maintain the camps annually aside from the maintenance of the troops in them? I mean the actual maintenance of the camps if abandoned.

Mr. CROWELL. The only way I can answer that is to say that we do not propose to maintain them, if abandoned.

Mr. Sisson. How much would it cost you to maintain each one of these camps?

Mr. CROWELL. All that I can say is that it will be large. They are cheaply built, and are not intended to be permanent.

The CHAIRMAN. What do you propose doing with those camps? Suppose you should no longer have need for the camps, what would you do with them?

Mr. CROWELL. I would buy the camps, and as fast as we could spare any one from use, I would sell those buildings standing or salvage the material. I would then try to sell that land to people who are interested in suburban development in those particular districts. I think I should succeed, and if I did of course the profit would run into twenty or thirty millions of dollars instead of these small sums of money. If I failed in that, I could not do any worse than sell them for farm properties, which we have estimated would bring a profit to the Government of \$2,500,000.

Mr. Sisson. We had some Army posts and the Army officials and various Secretaries of War represented to Congress that they were

useless. We passed bills through the House, I am sure, twice, and probably three times, abolishing those Army posts. The bills went over to the Senate, but they could not get through the Senate because of the fact that an Army post was located in the State of a Senator. Now, if little Army posts like that would cause the holding up of the bills for the abolition of the Army posts, what do you suppose would happen if you had these cantonments now built on lands permanently purchased? We are talking very freely now, and I want to know what you would do. I think you would be like the man who caught the wild cat—you would have a great deal of trouble in turning loose.

Mr. CROWELL. I fully realize the difficulty, but from the knowledge we have, it simply seems wise to acquire them; but if you are satisfied that we will never be loose from those things, the subject presents an entirely different aspect.

Mr. Sisson. If you expect to use these cantonments permanently, and if we expect to have permanently a large standing Army, and this is one of the steps looking to that, the War Department ought to be frank with us and say that this is for the purpose of maintaining in peace time a standing army of 500,000 men, and that they propose to put the troops in these cantonments and keep them there as was done in the Army posts.

Mr. CROWELL. I want to say that I am perfectly frank with you in telling you all that I know.

Mr. Sisson. Have you gone over this policy of the War Department generally?

Mr. CROWELL. I think the policy is simply a temporary policy, so far as I have been able to find out. As you know, we are in the midst of peace parleys, and how can we know what sized army we will need? The size of the Army depends upon a number of things that none of us can see at this time; but we must do something. We can not, under the law, keep those troops over there much longer.

Mr. Sisson. It is in view of that state of uncertainty that I am making this suggestion about permanently acquiring this property, because that points to a certain degree of permanency that Congress in the future might like to get rid of.

Mr. CROWELL. That is true.

The CHAIRMAN. What is the capacity of those 16 cantonments?

Mr. CROWELL. Roughly they run between five and six hundred thousand men.

The CHAIRMAN. Have you presented this matter to the Military Committee?

Mr. CROWELL. I have presented it to the House, but not to the Senate.

The CHAIRMAN. Did you make any recommendation?

Mr. CROWELL. Just as I have here. I told them I thought it was wise to buy those lands and salvage the material in the way I have mentioned.

Mr. BYRNES. Have you an option on the land upon which the buildings have been constructed?

Mr. CROWELL. To no appreciable extent.

Mr. BYRNES. How did you arrive at the figures that you have given for the purchase of the land?

Mr. CROWELL. We have been working at this for three months. We have had committees to go over the camps, and one member of each committee has been a real estate man, and they have made the estimates in the way that real estate men usually make them.

Mr. BYRNES. It is just an estimate or guess?

Mr. CROWELL. Yes, sir.

Mr. SISSON. Are you sure that you did not take options on those lands?

Mr. CROWELL. I did not intend to say that we did not have any, but I think the options we have are small in number.

Mr. SISSON. My recollection is that in making these appropriations it was very clearly stated that they had options on the lands.

Mr. BYRNES. There are how many of the so-called camps?

Mr. CROWELL. We have just completed a study of the 16 so-called National Guard camps, and it came to my office to-day. It is a study similar to this. I noticed that the recommendation was made that all of them be abandoned except one, and the conditions at that one are similar to the conditions I have just described. I have not yet had an opportunity to go over the study——

Mr. BYRNES. What were those conditions?

Mr. CROWELL. That is, the damages warranted the buying of the land to get out of them.

Mr. BYRNES. It is recommended that the others be closed up?

Mr. CROWELL. Yes, sir; that all of them be closed up.

CONSTRUCTION WORK AT CAMPS AND CANTONMENTS.

The CHAIRMAN. Now, can you tell us what building you are still doing at these various camps and cantonments, or have you quit?

Mr. CROWELL. In a general way we have ordered all building stopped, but a certain amount is going ahead. If Gen. Marshall can be here, I would prefer that you go over that with him. For instance, we had a big tank camp at Raleigh that we have wiped off the map. We have abandoned a great deal of it, and to-day we are constructing those two camps that I have described, and doing small jobs of repair work in some of the others. As far as I know, that is all the building we are doing at the camps. I think we are still finishing some of the terminal facilities along the water front. We are finishing the Boston warehouses.

The CHAIRMAN. I was not speaking of that, but of camps and cantonments.

Mr. CROWELL. So far as I know to-day, those two are the only ones that we are going ahead with, aside from some small repair work and small jobs.

Mr. EAGAN. Is any hospital work going on at the cantonments now?

Mr. CROWELL. I believe that the hospital work is still uncompleted at one or two. Before the armistice was signed, we had ordered a large increase in the hospital facilities, to give the required number of beds, but my impression is that that is pretty nearly wound up to-day. By February 1, I think all of it will be.

Mr. CANNON. You have hospitals at the camps as well as at the cantonments?

Mr. CROWELL. Yes, sir; they average about 2,000 beds.

Mr. CANNON. I wish you would put into your hearing a statement showing the number of beds and quarters for nurses at all the camps and cantonments.

Mr. CROWELL. I will be glad to do it.

Mr. CANNON. Let your statement show the aggregate number, also. Have you any conception now as to how many beds you have provided?

Mr. CROWELL. Yes, sir; the total in the United States is about 110,000.

Number of beds in hospitals at camps and cantonments.....	55,974
In general hospitals:	
Ready.....	34,041
Authorized.....	27,763
Total.....	61,804
Special hospitals:	
Ready.....	5,732
Authorized.....	2,740
Total.....	8,472
Miscellaneous.....	7,480
Aggregate beds available.....	133,730

Nurses' quarters available: In reply to inquiry made of the Surgeon General's Office it is stated that no specific answer can be made to the question as to how many nurses' quarters are available. The basis for providing nurses' quarters is that for hospitals of 1,000 beds or more an allowance of 10 per cent, or 100 nurses for each 1,000 patients is made. In small hospitals the percentage is necessarily higher, as the head nurse of departments must be provided just as in larger hospitals. The statement is further made that while in some quarters existing nurses' accommodations had been vacated, due to the abandonment of the camp, this does not relieve the crowded condition in other sections where the insufficiency of quarters still exists, so that the statement of the total nurses' quarters available as compared with the total capacity of hospitals would not indicate whether there was a lack of accommodations in some sections and an excess of accommodations in others.

Further information as to water systems, places of amusement, number of buildings, etc., requested by the committee is to be found on pages 1095 to 1104.

Mr. CANNON. At the camps and cantonments?

Mr. CROWELL. That covers the total hospital facilities.

Mr. CANNON. I am speaking of the camps and cantonments.

Mr. CROWELL. The average is about 2,000 beds to the camp. There are 36 camps, and that would make about 70,000 beds.

Mr. CANNON. Seventy thousand beds at the camps?

Mr. CROWELL. Roughly.

Mr. CANNON. And at the cantonments?

Mr. CROWELL. I have classed them all together. I will furnish a statement of them in detail.

Mr. CANNON. I will be glad if you will give a statement showing the nurses' quarters that are completely equipped, and include also the places of amusement and things of that kind.

Mr. CROWELL. I will give you a complete but brief description of what we have at each camp.

[See p. 1095.]

Mr. GILLETT. You have only 110,000 beds in the whole country?

Mr. CROWELL. Yes, sir.

Mr. GILLETT. And 70,000 of them are at the camps?

Mr. CROWELL. Yes, sir.

Mr. GILLETT. I did not suppose that the camps had more than half of the hospital facilities in the country.

Mr. CROWELL. I am fairly sure that the total figure is 110,000, but the 70,000 is roughly calculated. About 50,000 of those beds are empty.

Mr. GILLETT. Empty to-day?

Mr. CROWELL. Yes, sir; we have had a reserve of nearly 50,000 beds for a long time.

Mr. CANNON. In the main, these camps and cantonments average very well for health and that kind of thing?

Mr. CROWELL. Yes, sir; and they are much more healthy than they were originally. We killed the mosquitos and eradicated malaria.

Mr. CANNON. And you have provided water, sewers, etc.?

Mr. CROWELL. Yes, sir; all those things are very good.

Mr. CANNON. I would like to have a statement of all those things included in the statement you are to furnish.

Mr. CROWELL. I will be glad to give it to you.

CANCELLATION OF CONTRACTS.

The CHAIRMAN. Mr. Crowell, most of the various bureaus of the War Department, in going over the figures of available money that they have and their needs for the balance of the fiscal year, have estimated that of the contracts which they had outstanding as of the 1st of December they could relieve the Government of 25 per cent. In other words, assuming that there were \$400,000,000 of contracts in a given instance, it would cost the Government to get out whole, \$300,000,000, and \$100,000,000 could be saved. They have then figured, or a number of them have, particularly the Ordnance Department, that, in addition to what they call contract obligations, there are reservations, which seems to be a more or less indefinite term, and that of such reservations which stand on the books as actual or prospective obligations of the Government, there can be a release to the Government of 85 per cent. Are you able to give the committee any information as to what constitutes reservations as contradistinguished from contract obligations, and, secondly, how far those percentages represent your view of the condition that will be worked out?

Mr. CROWELL. I am afraid not. I am not familiar with the distinction between those terms.

The CHAIRMAN. Have you gone far enough in regard to your contract obligations to ascertain whether 25 per cent represents what you will be able to release the Government from?

Mr. CROWELL. I would not want to make any such statement.

The CHAIRMAN. You have some opinion as to how much we will be able to get rid of, have you not?

Mr. CROWELL. I would like to take a little time to prepare that for you. I will do my best, if you wish me to do so.

I will submit this memorandum relative to the National Army cantonments.

(The memorandum referred to is as follows:)

NATIONAL GUARD CAMPS.

BOWIE.

1. *Location*.—Fort Worth, Tex.
2. *Land*.—Area in fee: None. Area under lease: 2,173.21 acres. Cost to buy: \$145,000.
3. *Cost of camp to date*.—\$3,400,000.
4. *Number of buildings*.—1,313.
5. *Quarters*.—Maximum capacity: 41,879 persons.
6. *Water supply*.—Cost: \$300,000. Supply: 1,500,000 gallons per day.
7. *Roads*.—Cost: \$250,000. Number of miles: 15.54.
8. *Sewerage systems*.—Cost: \$260,000.
9. *Hospital*.—Cost: \$1,250,000. Number of beds: 1,280.
10. *Nurses' quarters*.—Maximum capacity: 112.
11. *List of liberty and various social buildings*.—Liberty theater, 1; library, 1; Y. M. C. A., 7; Red Cross, 2; hostess house, 1; Jewish welfare, 1.
12. *Railroad connections*.—Texas & Pacific Ry.
13. *Trolley connections*.—None.

CODY.

1. *Location*.—Deming, N. Mex.
2. *Land*.—Area in fee: None. Area under lease: 17,280 acres. Cost to buy: \$172,800.
3. *Cost of camp to date*.—\$3,800,000.
4. *Number of buildings*.—1,299.
5. *Quarters*.—Maximum capacity: 44,959 persons.
6. *Water supply*.—Cost: \$340,000. Supply: 2,000,000 gallons per day.
7. *Roads*.—Cost: \$440,000. Number of miles: 20.68.
8. *Sewerage systems*.—Cost: \$160,000.
9. *Hospital*.—Cost: \$1,220,000. Number of beds: 1,280.
10. *Nurses' quarters*.—Maximum capacity: 124.
11. *List of liberty and various social buildings*.—Liberty theater, 1; library, 1; Y. M. C. A., 11; Red Cross, 3; K. of C., 1; Hostess House, 1; Jewish Welfare, 1.
12. *Railroad connections*.—Southern Pacific Ry.; Atchison, Topeka & Santa Fe Ry.
13. *Trolley connections*.—None.

BEAUREGARD.

1. *Location*.—Alexandria, La.
2. *Land*.—Area in fee: None. Area under lease: 21,600 acres. Cost to buy: \$415,000.
3. *Cost of camp to date*.—\$4,300,000.
4. *Number of buildings*.—1,068.
5. *Quarters*.—Maximum capacity: 29,121 persons.
6. *Water supply*.—Cost: \$430,000. Supply: 1,000,000 gallons per day.
7. *Roads*.—Cost: \$80,000. Number of miles: 10.09.
8. *Sewerage systems*.—Cost: \$170,000.
9. *Hospital*.—Cost: \$1,260,000. Number of beds: 1,140.
10. *Nurses' quarters*.—Maximum capacity: 137.
11. *List of liberty and various social buildings*.—Liberty theater, 1; library, 1; Y. M. C. A., 12; Red Cross, 4; Jewish Welfare, 1.
12. *Railroad connections*.—Tioga & Southeastern Ry.; Louisiana & Arkansas Ry.; St. Louis, Iron Mountain & Southern Ry.
13. *Trolley connections*.—None.

DONIPHAN.

1. *Location*.—Lawton, Okla.
2. *Land*.—Area in fee, 51,292.82 acres; area under lease, none; cost to buy, none.
3. *Cost of camp to date*.—\$2,706,000.

4. *Number of buildings.*—1,267.
5. *Quarters.*—Maximum capacity—46,183 persons.
6. *Water supply.*—Cost: \$280,000. Supply: 1,500,000 gallons per day.
7. *Roads.*—Cost: \$350,000. Number of miles: 27.22.
8. *Sewerage systems.*—Cost: \$10,000.
9. *Hospital.*—Cost: \$1,370,000. Number of beds: 1,280.
10. *Nurses' quarters.*—Maximum capacity: 124.
11. *List of Liberty and various social buildings.*—Liberty Theater, 1; library, 1; Y. M. C. A., 13; Hostess House, 1; Red Cross, 1.
12. *Railroad connections.*—Chicago, Rock Island and Pacific Railway.
13. *Trolley connections.*—Lawton Electric Line.

FREMONT.

1. *Location.*—Palo Alto, Cal.
2. *Land.*—Area in fee: None. Area under lease: 7,203.38 acres. Cost to buy: \$1,000,000.
3. *Cost of camp to date.*—\$2,556,000.
4. *Number of buildings.*—1,124.
5. *Quarters.*—Maximum capacity: 30,000 persons.
6. *Water supply.*—Cost: \$210,000. Supply: 1,500,000 gallons per day.
7. *Roads.*—Cost: \$120,000. Number of miles: 11.57.
8. *Sewerage systems.*—Cost: \$150,000.
9. *Hospital.*—Cost: \$1,100,000. Number of beds: 980.
10. *Nurses' quarters.*—Maximum capacity: 87.
11. *List of Liberty and various social buildings.*—Liberty Theater, 1; library, 1; Y. M. C. A., 8; Hostess House, 1; Red Cross, 2; Jewish Welfare, 1.
12. *Railroad connections.*—Southern Pacific Railway.
13. *Trolley connections.*—None.

GREENE.

1. *Location.*—Charlotte, N. C.
2. *Land.*—Area in fee: None. Area under lease: 6,734.40 acres. Cost to buy: \$465,000.
3. *Cost of camp to date.*—\$4,300,000.
4. *Number of buildings.*—1,125.
5. *Quarters.*—Maximum capacity: 48,305.
6. *Water supply.*—Cost: \$360,000. Supply: 2,000,000 gallons per day.
7. *Roads.*—Cost: \$200,000. Number of miles: 30.69.
8. *Sewerage system.*—Cost: \$110,000.
9. *Hospital.*—Cost: \$1,450,000. Number of beds: 1,480.
10. *Nurses' quarters.*—Maximum capacity: 124.
11. *List of liberty and various social buildings.*—Liberty theater, 1; library, 1; Y. M. C. A., 9; Red Cross, 1; hostess house, 2; Jewish welfare, 1.
12. *Railroad connections.*—Southern Ry.
13. *Trolley connections.*—None.

HANCOCK.

1. *Location.*—Augusta, Ga.
2. *Land.*—Area in fee: 112.15 acres. Area under lease: 13,810.97 acres. Cost to buy: \$750,000.
3. *Cost of camp to date.*—\$6,000,000.
4. *Number of buildings.*—1,319.
5. *Quarters.*—Maximum capacity: 46,099 persons.
6. *Water supply.*—Cost: \$320,000. Supply: 2,500,000 gallons per day.
7. *Roads.*—Cost: \$200,000. Number of miles: 12.72.
8. *Sewerage systems.*—Cost: \$180,000.
9. *Hospital.*—Cost: \$1,320,000. Number of beds: 1,520.
10. *Nurses' quarters.*—Maximum capacity: 149.
11. *List of liberty and various social buildings.*—Liberty theater, 1; library, 1; Y. M. C. A., 11; Red Cross, 4; K. of C., 2; Jewish welfare, 1; hostess house, 1.
12. *Railroad connections.*—Georgia Ry.; Southern Ry.
13. *Trolley connections.*—None.

KEARNEY.

1. *Location.*—San Diego, Cal.
2. *Land.*—Area in fee, none. Area under lease, 12,720.93 acres. Cost to buy, \$1.
3. *Cost of camp to date.*—\$5,838,000.
4. *Number of buildings.*—848.
5. *Quarters.*—Maximum capacity, 32,066 persons.

6. *Water supply*.—Cost, \$590,000. Supply, 1,500,000 gallons per day.
7. *Roads*.—Cost, \$320,000. Number of miles, 22.75.
8. *Sewerage systems*.—Cost, \$240,000.
9. *Hospital*.—Cost, \$1,300,000. Number of beds, 1,220.
10. *Nurses' quarters*.—Maximum capacity, 124.
11. *List of Liberty and various social buildings*.—Liberty theater, 1; library, 1; Y. M. A., 11; Red Cross, 3; K. of C., 1; Jewish welfare, 1; hostess house, 1.
12. *Railroad connections*.—Atchison, Topeka & Santa Fe Ry.
13. *Trolley connections*.—None.

LOGAN.

1. *Location*.—Houston, Tex.
2. *Land*.—Area in fee, none. Area under lease, 9,460.33 acres. Cost to buy, 300,000.
3. *Cost of camp to date*.—\$3,300,000.
4. *Number of buildings*.—1,329.
5. *Quarters*.—Maximum capacity, 44,899 persons.
6. *Water supply*.—Cost, \$360,000. Supply, 1,500,000 gallons per day.
7. *Roads*.—Cost, \$140,000. Number of miles, 12.18.
8. *Sewerage systems*.—Cost, \$290,000.
9. *Hospital*.—Cost, \$1,110,000. Number of beds, 980.
10. *Nurses' quarters*.—Maximum capacity, 52.
11. *List of Liberty theaters and various social buildings*.—Liberty theater, 1; library, Y. M. C. A., 15; Red Cross, 3; Jewish welfare, 1; hostess house, 1.
12. *Railroad connections*.—Missouri, Kansas & Texas Ry.; Houston & Texas Central Ry.
13. *Trolley connections*.—None.

MACARTHUR.

1. *Location*.—Waco, Tex.
2. *Land*.—Area in fee: None; area under lease: 2,017.07 acres. Cost to buy: \$150,000.
3. *Cost of camp to date*.—\$4,000,000.
4. *Number of buildings*.—1,264.
5. *Quarters*.—Maximum capacity: 45,074 persons.
6. *Water supply*.—Cost: \$400,000. Supply: 2,000,000 gallons per day.
7. *Roads*.—Cost: \$140,000. Number of miles: 14.05.
8. *Sewerage systems*.—Cost: \$190,000.
9. *Hospital*.—Cost: \$1,200,000. Number of beds: 1,240.
10. *Nurses' quarters*.—Maximum capacity: 87.
11. *List of liberty theaters and various social buildings*.—Liberty Theater, 1; library, Y. M. C. A., 12; Red Cross, 4; Jewish Welfare, 1; Hostess House, 1.
12. *Railroad connections*.—St. Louis & Southwestern Ry.
13. *Trolley connections*.—None.

M'CLELLAN.

1. *Location*.—Anniston, Ala.
2. *Land*.—Area in fee: 18,800 acres. Area under lease: None. Cost to buy: None.
3. *Cost of camp to date*.—\$9,800,000.
4. *Number of buildings*.—1,551.
5. *Quarters*.—Maximum capacity: 57,746 persons.
6. *Water supply*.—Cost: \$950,000. Supply: 1,500,000 gallons per day.
7. *Roads*.—Cost: \$590,000. Number of miles: 23.56.
8. *Sewerage systems*.—Cost: \$450,000.
9. *Hospital*.—Cost: \$1,570,000. Number of beds: 1,640.
10. *Nurses' quarters*.—Maximum capacity: 149.
11. *List of liberty theaters and various social buildings*.—Liberty Theater, 1; library, Y. M. C. A., 8; Red Cross, 4; Jewish Welfare, 2; Hostess House, 2.
12. *Railroad connections*.—Southern Ry.
13. *Trolley connections*.—None.

SEVIER.

1. *Location*.—Greenville, S. C.
2. *Land*.—Area in fee: None. Area under lease: 5,250 acres. Cost to buy: \$587,940 (2,500 acres only).
3. *Cost of camp to date*.—\$6,508,000.
4. *Number of buildings*.—1,214.
5. *Quarters*.—Maximum capacity: 41,693 persons.
6. *Water supply*.—Cost: \$700,000. Supply: 2,000,000 gallons per day.

7. *Roads*.—Cost: \$490,000. Number of miles: 15.11.
8. *Sewerage systems*.—Cost: \$340,000.
9. *Hospital*.—Cost: \$1,380,000. Number of beds: 1,470.
10. *Nurses' quarters*.—Maximum capacity: 124.
11. *List of liberty theaters and various social buildings*.—Liberty Theater, 1; library Jewish Welfare, 1; Hostess House, 1; Y. M. C. A., 14; Red Cross, 5.
12. *Railroad connections*.—Southern Railway.
13. *Trolley connections*.—Piedmont & Northern Electric Line.

SHELBY.

1. *Location*.—Hattiesburg, Miss.
2. *Land*.—Area in fee: None. Area under lease: 5,480 acres. Cost to buy: \$600,000.
3. *Cost of camp to date*.—\$5,400,000.
4. *Number of buildings*.—1,206.
5. *Quarters*.—Maximum capacity: 36,010 persons.
6. *Water supply*.—Cost: \$400,000. Supply: 1,250,000 gallos per day.
7. *Roads*.—Cost: \$320,000. Number of miles: 27.29.
8. *Sewerage systems*.—Cost: \$440,000.
9. *Hospital*.—Cost: \$1,570,000. Number of beds: 1,280.
10. *Nurses' quarters*.—Maximum capacity: 87.
11. *List of liberty theaters and various social buildings*.—Library, 1; Jewish Welfare, 1; Y. M. C. A., 11; Hostess House, 1; Red Cross, 4.
12. *Railroad connections*.—Mississippi Central Railway; Golf & Ship Island Railway.
13. *Trolley connections*.—None.

SHERIDAN.

1. *Location*.—Montgomery, Ala.
2. *Land*.—Area in fee: None. Area under lease: 7,442.35 acres. Cost to buy: \$591,500.
3. *Cost of camp to date*.—\$3,500,000.
4. *Number of buildings*.—1,277.
5. *Quarters*.—Maximum capacity, 41,593 persons.
6. *Water supply*.—Cost: \$340,000. Supply: 2,000,000 gallons per day.
7. *Roads*.—Cost: \$290,000. Number of miles: 16.03.
8. *Sewerage systems*.—Cost: \$210,000.
9. *Hospital*.—Cost: \$1,120,000. Number of beds: 1,280.
10. *Nurses' quarters*.—Maximum capacity: 87.
11. *List of Liberty theaters and various social buildings*.—Library, 1; Y. M. C. A., 15; Red Cross, 2; Jewish Welfare, 1; Hostess House, 1.
12. *Railroad connections*.—Seaboard Air Line Railway.
13. *Trolley connections*.—Montgomery Traction Co.

WADSWORTH.

1. *Location*.—Spartanburg, S. C.
2. *Land*.—Area in fee: None. Area under lease: 16,839.63 acres. Cost to buy: \$900,000.
3. *Cost of camp to date*.—\$4,100,000.
4. *Number of buildings*.—1,414.
5. *Quarters*.—Maximum capacity: 56,249 persons.
6. *Water supply*.—Cost: \$500,000. Supply: 1,500,000 gallons per day.
7. *Roads*.—Cost: \$160,000. Number of miles: 16.41.
8. *Sewerage systems*.—Cost: \$180,000.
9. *Hospital*.—Cost: \$1,560,000. Number of beds: 1,880.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of Liberty theaters and various social buildings*.—Liberty theater, 1; library, 1; Y. M. C. A., 11; Red Cross, 4; Jewish Welfare, 1; Hostess House, 2.
12. *Railroad connections*.—Southern Ry.
13. *Trolley connections*.—Piedmont & Northern Electric Line.

WHEELER.

1. *Location*.—Macon, Ga.
2. *Land*.—Area in fee: None. Area under lease: 4,914.60 acres. Cost to buy: 000.
Cost of camp to date.—\$3,200,000.

4. *Number of buildings.*—1,229.
5. *Quarters—Auxiliary capacity.*—43,011 persons.
6. *Water supply.*—Cost: \$460,000. Supply: 2,250,000 gallons per day.
7. *Roads.* Cost: \$140,000. Number of miles: 16
8. *Sewerage systems.*—Cost: \$110,000.
9. *Hospital.*—Cost: \$1,220,000. Number of beds: 1,140.
10. *Nurses' quarters, maximum capacity.*—100.
11. *List of liberty theaters and various social buildings.*—Liberty Theater, 1; library, 1; M. C. A., 15; Red Cross, 4; Jewish Welfare, 1; Hostess House, 1.
12. *Railroad connections.*—Central Ga. Ry.; Macon, Dublin & Savannah Ry.
13. *Trolley connections.*—None.

NATIONAL ARMY CANTONMENT.

CUSTER.

1. *Location.*—Battle Creek, Mich.
2. *Land.*—Area in fee: None. Area under lease: 9,139 acres. Cost to buy: \$625,000.
3. *Cost of camp to date.*—\$13,000,000.
4. *Number of buildings.*—2,297.
5. *Quarters—Maximum capacity.*—49,014 persons.
6. *Water supply.*—Cost: \$670,000. Supply: 2,000,000 gallons per day.
7. *Roads.*—Cost: \$690,000. Number of miles: 19.67.
8. *Sewerage system.*—Cost: \$350,000.
9. *Hospital.*—Cost: \$1,500,000. Number of beds: 1,800.
10. *Nurses' quarters, maximum capacity.*—174.
11. *List of liberty theaters and various social buildings.*—Liberty Theater, 1; library, 1; M. C. A., 15; Red Cross, 4; K. of C., 3; Hostess House, 1; Jewish Welfare, 1.
12. *Railroad connections.*—Michigan Central; Grand Trunk.
13. *Trolley connections.*—None.

DEVENS.

1. *Location.*—Ayer, Mass.
2. *Land.*—Area in fee: None. Area under lease: 11,000 acres. Cost to buy: 00,000.
3. *Cost of camp to date.*—\$11,800,000.
4. *Number of buildings.*—1,334.
5. *Quarters.*—Maximum capacity: 36,632 persons.
6. *Water supply.*—Cost: \$610,000. Supply: 2,000,000 gallons per day.
7. *Roads.*—Cost: \$250,000. Number of miles: 23.23.
8. *Sewerage systems.*—Cost: \$400,000.
9. *Hospital.*—Cost: \$1,350,000. Number of beds: 1,960.
10. *Nurses' quarters.*—Maximum capacity: 174.
11. *List of liberty theaters and various social buildings.*—Liberty Theater, 1; library, Y. M. C. A., 15; Red Cross, 4; K. of C., 3; Hostess House, 1; Jewish Welfare, 1.
12. *Railroad connections.*—Boston & Maine Ry.; Fitchburg Ry.
13. *Trolley connections.*—None.

DIX.

1. *Location.*—Wrightstown, N. J.
2. *Land.*—Area in fee: None. Area under lease: 6,848 acres. Cost to buy: \$675,000
3. *Cost of camp to date.*—\$12,300,000.
4. *Number of buildings.*—1,414.
5. *Quarters.*—Maximum capacity: 42,806 persons.
6. *Water supply.*—Cost: \$720,000. Supply: 2,500,000 gallons per day.
7. *Roads.*—Cost: \$270,000. Number of miles: 13.03.
8. *Sewerage systems.*—Cost: \$550,000.
9. *Hospital.*—Cost: \$1,750,000. Number of beds: 1,960.
10. *Nurses' quarters.*—Maximum capacity: 174.
11. *List of liberty and various social buildings.*—Liberty Theater, 1; library, 1; M. C. A., 14; Red Cross, 3; Hostess House, 2; Jewish Welfare, 1.
12. *Railroad connections.*—Pemberton and Highstown Ry. (P. R. R.)
13. *Trolley connections.*—None.

DODGE.

1. *Location.*—Des Moines, Iowa.
2. *Land.*—Area in fee: 279 acres. Area under lease: 5,209 acres. Cost to buy: 950,000.
3. *Cost of camp to date.*—\$10,800,000.

4. *Number of buildings.*—2,187.
5. *Quarters.*—Maximum capacity: 49,229 persons.
6. *Water supply.*—Cost: \$770,000. Supply: 2,000,000 gallons per day.
7. *Roads.*—Cost: \$340,000. Number of miles: 19.03.
8. *Sewerage systems.*—Cost: \$370,000.
9. *Hospital.*—Cost: \$2,000,000. Number of beds: 1,960.
10. *Nurses' quarters.*—Maximum capacity: 174.
11. *List of liberty theaters and various social buildings.*—Liberty Theater, 1; library, 1; Y. M. C. A., 16; Red Cross, 4; Hostess House, 2; Jewish Welfare, 1.
12. *Railroad connections.*—Chicago, Milwaukee & St. Paul Railway.
13. *Trolley connections.*—Des Moines Interurban.

FUNSTON.

1. *Location.*—Fort Riley, Kans.
2. *Land.*—Area in fee: 19,446 acres. Area under lease: None. Cost to buy: None.
3. *Cost of camp to date.*—\$10,500,000.
4. *Number of buildings.*—1,401.
5. *Quarters.*—Maximum capacity: 42,606 persons.
6. *Water supply.*—Cost: \$680,000. Supply: 2,500,000 gallons per day.
7. *Roads.*—Cost: \$490,000. Number of miles: 34.93.
8. *Sewerage systems.*—Cost: \$210,000.
9. *Hospital.*—Cost: \$1,750,000. Number of beds: 2,500.
10. *Nurses' quarters.*—Maximum capacity: 74.
11. *List of liberty theaters and various social buildings.*—Liberty Theater, 1; library, 1; Y. M. C. A., 16; Red Cross, 2; Hostess House, 2; Jewish Welfare, 1.
12. *Railroad connections.*—Union Pacific Railway.
13. *Trolley connections.*—Junction City-Fort Riley Electric Line.

GORDON.

1. *Location.*—Atlanta, Ga.
2. *Land.*—Area in fee: None. Area under lease: 4,672 acres. Cost to buy: \$425,000.
3. *Cost of camp to date.*—\$11,100,000.
4. *Number of buildings.*—1,658.
5. *Quarters.*—Maximum capacity: 46,612 persons.
6. *Water supply.*—Cost: \$520,000. Supply: 3,000,000 gallons per day.
7. *Roads.*—Cost: \$120,000. Number of miles: 13.45.
8. *Sewerage systems.*—Cost: \$830,000.
9. *Hospital.*—Cost: \$1,600,000. Number of beds: 1,960.
10. *Nurses' quarters.*—Maximum capacity: 137.
11. *List of Liberty Theaters and various social buildings.*—Liberty Theater, 1; library, 1; Y. M. C. A., 18; Red Cross, 5; Jewish Welfare, 1; Hostess House, 2.
12. *Railroad connections.*—Southern Railroad.
13. *Trolley connections.*—None.

GRANT.

1. *Location.*—Rockford, Ill.
2. *Land.*—Area in fee: None. Area under lease: 5,654 acres. Cost to buy: \$1,400,000.
3. *Cost of camp to date.*—\$14,400,000.
4. *Number of buildings.*—1,605.
5. *Quarters.*—Maximum capacity: 47,619 persons.
6. *Water supply.*—Cost: \$840,000. Supply: 2,250,000 gallons per day.
7. *Roads.*—Cost: \$580,000. Number of miles: 29.31.
8. *Sewerage systems.*—Cost: \$500,000.
9. *Hospital.*—Cost: \$1,500,000. Number of beds: 1,960.
10. *Nurses' quarters.*—Maximum capacity: 174.
11. *List of Liberty Theaters and various social buildings.*—Liberty Theater, 1; library, 1; Y. M. C. A., 14; Red Cross, 2; K. of C., 3; Jewish Welfare, 1; Hostess House, 2.
12. *Railroad connections.*—Chicago, Burlington & Quincy Railway. Chicago, Milwaukee & Gary Railway.
13. *Trolley connections.*—None.

JACKSON.

1. *Location*.—Columbia, S. C.
2. *Land*.—Area in fee: 1,192 acres. Area under lease: 11,548 acres. Cost to buy, 25,000.
3. *Cost of camp to date*.—\$10,000,000.
4. *Number of buildings*.—1,554.
5. *Quarters*.—Maximum capacity: 44,009 persons.
6. *Water supply*.—Cost: \$630,000. Supply: 3,000,000 gallons per day.
7. *Roads*.—Cost: \$430,000. Number of miles: 21.23.
8. *Sewerage systems*.—Cost: \$340,000.
9. *Hospital*.—Cost: \$1,450,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of Liberty Theaters and various social buildings*.—Liberty Theater, 1; library, Y. M. C. A., 17; Red Cross, 5; Jewish Welfare, 1; Hostess House, 2.
12. *Railroad connections*.—Atlantic Coast Line Railway.
13. *Trolley connections*.—None.

LEE.

1. *Location*.—Petersburg, Va.
2. *Land*.—Area in fee, none. Area under lease, 9,240 acres. Cost to buy, \$415,000.
3. *Cost of camp to date*.—\$16,500,000.
4. *Number of buildings*.—1,755.
5. *Quarters*.—Maximum capacity, 55,171 persons.
6. *Water supply*.—Cost: \$870,000. Supply: 3,000,000 gallons per day.
7. *Roads*.—Cost: \$480,000. Number of miles: 33.07.
8. *Sewerage systems*.—Cost: \$400,000.
9. *Hospital*.—Cost: \$3,000,000. Number of beds: 2,760.
10. *Nurses' quarters*.—Maximum capacity: 300.
11. *List of Liberty Theaters and various social buildings*.—Liberty Theater, 2; library, Y. M. C. A., 18; Red Cross, 4; Jewish Welfare, 1; Hostess House, 2.
12. *Railroad connections*.—Norfolk & Western.
13. *Trolley connections*.—None.

LEWIS.

1. *Location*.—Tacoma, Wash.
2. *Land*.—Area in fee: 76,000 acres. Area under lease: None. Cost to buy: None.
3. *Cost of camp to date*.—\$8,400,000.
4. *Number of buildings*.—1,667.
5. *Quarters*.—Maximum capacity: 46,232.
6. *Water supply*.—Cost: \$560,000. Supply: 3,000,000 gallons per day.
7. *Roads*.—Cost: \$280,000. Number of miles: 32.27.
8. *Sewerage systems*.—Cost: \$260,000.
9. *Hospital*.—Cost: \$1,450,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of liberty theaters and various social buildings*.—Liberty Theater, 1; library, Y. M. C. A., 16; Red Cross, 3; K. of C., 4; Jewish Welfare, 1; Hostess House, 1.
12. *Railroad connections*.—Chicago, Milwaukee & St. Paul Ry.; Northern Pacific Ry.
13. *Trolley connections*.—None.

MEADE.

1. *Location*.—Odenton, Md.
2. *Land*.—Area in fee: None. Area under lease: 9,349 acres. Cost to buy: \$350,000.
3. *Cost of camp to date*.—\$16,200,000.
4. *Number of buildings*.—1,987.
5. *Quarters*.—Maximum capacity: 52,575.
6. *Water supply*.—Cost: \$600,000. Supply: 2,500,000 gallons per day.
7. *Roads*.—Cost: \$550,000. Number of miles: 26.31.
8. *Sewerage systems*.—Cost: \$500,000.
9. *Hospital*.—Cost: \$1,570,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of liberty theaters and various social buildings*.—Liberty Theater, 1; library, Y. M. C. A., 15; Red Cross, 3; Jewish Welfare, 1; Hostess House, 2.
12. *Railroad connections*.—Pennsylvania Ry.; Baltimore & Ohio Ry.
13. *Trolley connections*.—Washington, Baltimore & Annapolis Electric Line.

PIKE.

1. *Location*.—Little Rock, Ark.
2. *Land*.—Area in fee: 3,897 acres. Area under lease: 10,000 acres. Cost to buy: \$400,000.
3. *Cost of camp to date*.—\$12,700,000.
4. *Number of buildings*.—2,394.
5. *Quarters*.—Maximum capacity: 55,016.
6. *Water supply*.—Cost: \$970,000. Supply: 2,250,000 gallons per day.
7. *Roads*.—Cost: \$390,000. Number of miles: 25.65.
8. *Sewerage systems*.—Cost: \$740,000.
9. *Hospital*.—Cost: \$2,350,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of Liberty theaters and various social buildings*.—Liberty Theater, 1; library, 1; Y. M. C. A., 21; Red Cross, 5; Jewish Welfare, 1; Hostess Houses, 2.
12. *Railroad connections*.—Little Rock & Fort Smith Railway.
13. *Trolley connections*.—None.

SHERMAN.

1. *Location*.—Chillicothe, Ohio.
2. *Land*.—Area in fee: None. Area under lease: 11,802 acres. Cost to buy: \$1,150,000.
3. *Cost of camp to date*.—\$12,900,000.
4. *Number of buildings*.—2,259.
5. *Quarters*.—Maximum capacity: 49,112.
6. *Water supply*.—Cost: \$650,000. Supply: 2,000,000 gallons per day.
7. *Roads*.—Cost: \$500,000. Number of miles: 23.10.
8. *Sewerage systems*.—Cost: \$510,000.
9. *Hospital*.—Cost: \$1,320,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of Liberty Theaters and various social buildings*.—Liberty Theater, 1; library, 1; Y. M. C. A., 17; Red Cross, 3; K. of C., 3; Jewish Welfare, 1; Hostess House, 1.
12. *Railroad connections*.—Baltimore & Ohio Southwestern Railway. Cincinnati, Hamilton & Dayton Railway. Norfolk & Western Railway.
13. *Trolley connections*.—None.

TAYLOR.

1. *Location*.—Louisville, Ky.
2. *Land*.—Area in fee: None. Area under lease: 3,488 acres. Cost to buy: \$375,000.
3. *Cost of camp to date*.—\$8,000,000.
4. *Number of buildings*.—1,563.
5. *Quarters*.—Maximum capacity: 45,424 persons.
6. *Water supply*.—Cost: \$670,000. Supply: 2,500,000 gallons per day.
7. *Roads*.—Cost: \$550,000. Number of miles: 25.65.
8. *Sewerage systems*.—Cost: \$540,000.
9. *Hospital*.—Cost: \$1,250,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of Liberty Theaters and various social buildings*.—Liberty Theater, 1; library, 1; Y. M. C. A., 17; Red Cross, 4; K. of C., 5; Hostess House, 1.
12. *Railroad connections*.—Southern Railroad; Louisville & Nashville.
13. *Trolley connections*.—None.

TRAVIS.

1. *Location*.—San Antonio, Tex.
2. *Land*.—Area in fee: 2,567 acres. Area under lease: 18,290 acres. Cost to buy: \$360,000.
3. *Cost of camp to date*.—\$8,200,000.
4. *Number of buildings*.—1,449.
5. *Quarters*.—Maximum capacity: 42,809.
6. *Water supply*.—Cost: \$770,000. Supply: 2,500,000 gallons per day.
7. *Roads*.—Cost: \$300,000. Number of miles: 29.21.
8. *Sewerage systems*.—Cost: \$470,000.
9. *Hospital*.—Cost: \$1,460,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of Liberty Theaters and various social buildings*.—Liberty Theater, 1; library, 1; Y. M. C. A., 17; Red Cross, 3; K. of C., 2; Jewish Welfare, 1; Hostess House, 1.
12. *Railroad connections*.—Southern Pacific; Missouri, Kansas & Texas.
13. *Trolley connections*.—None.

UPTON.

1. *Location*.—Yapihanck, Long Island.
2. *Land*.—Area in fee: None. Area under lease: 15,198 acres. Cost to buy: ,000,000. (Relates to 6,000 acres only.)
3. *Cost of camp to date*.—\$13,500,000.
4. *Number of buildings*.—1,486.
5. *Quarters—Maximum capacity*.—43,567.
6. *Water supply*.—Cost: \$690,000. Supply: 2,200,000 gallons per day.
7. *Roads*.—Cost: \$490,000. Number of miles: 26.06.
8. *Sewerage systems*.—Cost: \$810,000.
9. *Hospital*.—Cost: \$1,700,000. Number of beds: 1,960.
10. *Nurses' quarters*.—Maximum capacity: 174.
11. *List of Liberty Theaters and various social buildings*.—Liberty Theater, 1; library, Y. M. C. A., 14; Red Cross, 3; Hostess Houses, 3; K. of C., 3; Jewish Welfare, 2.
12. *Railroad connections*.—Long Island Railroad.
13. *Trolley connections*.—None.

MEMORANDUM TO ACCOMPANY TABULATION RELATIVE TO NATIONAL ARMY CANTONMENTS.

Column 1.—Since its entry into the war, the United States has acquired fee simple title to 83,656 acres of land for the National Army cantonments. Two cantonments, viz, Funston and Lewis, lie wholly on Government-owned land. Part of Jackson, Ike, and Travis lies on Government-owned land and part on leased land. Column includes only that area purchased by the United States since its entry into the war and excludes, therefore, Funston, which lies wholly within the old Fort Riley reservation and that portion of Travis which lies within the old Fort Sam Houston reservation.

Column 2.—The 131,437 acres leased by the United States, shown in column 2, include the leased areas at Jackson, Pike, and Travis.

Column 4.—According to the records of the Construction Division, the total amount expended for construction up to the time the tabulation was prepared (early in December) at the 16 cantonments was approximately \$190,300,000. Of this amount \$9,800,000 was for construction on Government-owned land. The balance, \$150,000,000, was for construction on leased land.

Column 5.—It is estimated that it will cost \$9,650,000 to buy the 131,437 acres of leased land. This figure is the result of a study made by the Construction Division of each cantonment site, taking into consideration options to sell, rentals, and all available information touching values, such as crops produced, character and extent of improvements, and related information.

Column 6.—It is regarded as certain that it will be necessary to use the cantonments for a period of not less than 3 years, the first 18 months for demobilization and a further period of 18 months for demolition. Since use must in any event be made of these cantonments for three years, a saving may be effected by relinquishing all of the land except that upon which construction is placed and drill grounds and such additional area as may be necessary for demolition purposes. It is estimated that this will require an average area of 3,000 acres per cantonment. It will not be possible to reduce the leased area at all cantonments to this extent, but an average area of 3,000 acres per cantonment will serve as a fairly accurate basis for computation. Based on present rentals, it is estimated that for that portion of the cantonments which the United States must retain for three years in any event, the total rental for the whole period will amount to not less than \$1,256,500.

Column 7.—The leases covering the 131,437 acres not owned by the Government require the United States to restore the land to its original condition or pay the damages occasioned by its use and occupancy by the Government. The average area per cantonment occupied by construction, drill grounds, rifle pits, target butts, trenches, and sewer-disposal systems is approximately 3,000 acres. Where this area was chiefly valuable for agricultural purposes, it is believed that it is now and will in future be substantially a total loss and that therefore the damages which the United States would become liable to pay for such lands under the terms of the leases would amount to substantially the full value of the land. To restore the land to its original condition would cost the United States still more. Where the location of the land renders it more valuable for ordinary construction or for suburban development, it is probable that the damages which the United States would become liable to pay under the leases would not be as heavy. These facts have been taken into consideration in coming to the conclusion that the United States will be liable to pay approximately \$2,933,000 as damages to land if the land is not purchased.

Column 8.—Correspondingly, under the leases, damages must be paid for improvements which have been removed, destroyed, or altered, or the improvements must be restored to their original state. Few of the buildings on the camp sites are restored to their owners. Damages have already been assessed in many of the leases, and a careful estimate of the prospective damages to improvements at other camps indicates that the total damages to improvements under the leases will be not more than \$1,254,000.

Column 9.—The last above three items, viz, rental, damages to lands, and damages to improvements, represent the fixed costs which the United States will be called upon to pay if the land is not purchased. The total is \$5,443,500.

Column 10.—If the United States must pay \$5,443,500 upon its relinquishment of possession of the cantonments which can be purchased for \$9,650,000, the net cost of the land would be but \$4,206,500. The total amount of "new money," therefore, which would be required to purchase the land is \$4,206,500.

For this sum, \$4,206,500, the United States will obtain the following:

1. *Columns 11 and 12.*—The fee to the undamaged land at the 14 cantonments. This land is reasonably worth its purchase price, \$6,717,000. Since the net cost of obtaining the entire area is \$4,206,500 and the value of the undamaged land is \$6,717,000, a net profit of \$2,510,500 will result from this transaction.

2. The United States will also own in fee the damaged land, approximately 3,000 acres at each cantonment. This area is already highly improved by the installation of the utilities of water, sewerage, concrete roads, electric lights, railroad tracks, and the like. The sites are also in a very satisfactory state of development from a sanitary standpoint. Many structures and buildings have been erected on the cantonment sites. As stated above, the Government's total expenditure for structures and utilities on leased land has been approximately \$150,500,000. If the leased land is purchased, it is believed that there would be no difficulty in ultimately disposing of it either for suburban developments or for sites for factories or new towns. It is thought that the value of the land for such purpose would range from \$250 to \$750 per acre. The improved acreage is approximately 42,000 (3,000 times 14), and the total worth of the land is estimated at not less than \$20,000,000. It is believed that the buildings could be disposed of ultimately for an additional \$25,000,000, a total for the land and buildings of \$45,000,000. If, on the other hand, these structures and utilities should be immediately demolished, it is estimated that the United States could not expect to recover more than 10 per cent of the value of the removable materials in place at the cantonments, a sum estimated to be about \$1,000,000.

The above demonstrates that as a business proposition solely and without regard to the military advantages which may result from the acquisition of the land, its acquisition would be greatly for the benefit of the taxpayer.

Since it is so obviously to the advantage of the United States to purchase these cantonments, it may be inquired why they were not purchased originally. This is because at the time of the entry of the United States into the war the only practical way in which to secure the right to the immediate use of lands was by lease. Purchase of land under condemnation under the statutes existing at that time would have resulted in too great delay. The act of July 2, 1917, permits rapid condemnation. It is believed that this is the first comprehensive study and presentation which has been made of this subject, and that it demonstrates that the land should be purchased.

THURSDAY, JANUARY 16, 1919.

STATEMENTS OF MR. EDWARD B. STETTINIUS, DIRECTOR OF MUNITIONS, AND COL. F. W. M. CUTCHEON.

LIABILITIES OVERSEAS.

The CHAIRMAN. Mr. Stettinius, have you any information touching the probable extent of the Government's liabilities overseas?

MR. STETTINIUS. Under date of January 3, 1919, I received a cable reading as follows:

Ludlam reports virtually as follows: November 11, 1918, obligations, \$1,183,130,000; payments from November 11, 1918, to December 10, 1918, on account of such obligations, \$73,640,000; cancellations of obligations during said period, \$350,663,000.

ving liabilities on December 10, 1918, on account of said obligations, \$758,827,000. "Obligations" as used herein means liabilities outstanding and unpaid, and have no reference to appropriations or allotment of funds. "Payments" as used herein means warrants actually issued. "Cancellations" means issuance of notification of cancellation irrespective of acceptances by the obligee. The amounts above estimated are based largely upon estimates, some of which were based necessarily on indefinite grounds. Liabilities stated above do not include obligations for port tolls, anch duties, or other taxes; rental of rolling stock, hospitals transferred by the anch, Engineer Corps contracts for electricity and water supply, quartermaster property turned over by the allies to the American Expeditionary Force on all fronts, for transportation, telephone and telegraph facilities, undetermined requisitions lands, and damage claims.

That is the end of the extract from the cable. I cabled in reply, under date of January 12, asking if the obligation of \$758,827,000 included estimated amounts payable for material and supplies to be delivered as well as those already delivered under purchase orders heretofore made, and I have not yet received a reply to that cable.

The CHAIRMAN. No statement was made as to an estimate of the obligations of the Government in connection with the matters which the cable excluded?

Mr. STETTINIUS. No, sir.

The CHAIRMAN. Have you any idea as to what they will amount to?

Mr. STETTINIUS. It will be impossible to make a close estimate, and about all that could be done would be to make a very wild guess.

The CHAIRMAN. Have you any data as to the amounts of money that have been allotted overseas to meet those obligations?

Mr. STETTINIUS. No, sir; I have not.

The CHAIRMAN. You have not any of this separated according to corps?

Mr. STETTINIUS. No, sir.

The CHAIRMAN. It includes, I assume, both English and French obligations; and Italian, also?

Mr. STETTINIUS. Yes, sir. It includes, as I understand it, all the obligations of the American Expeditionary Force in France, England, Italy, Spain, and Switzerland.

CANCELLATIONS—INFORMAL CONTRACTS THROUGH BRITISH AND FRENCH GOVERNMENTS.

The CHAIRMAN. What have you done overseas looking to ascertaining and liquidating its indebtedness at this time, if you know?

Mr. STETTINIUS. Under date of November 12 a telegram was sent, pursuant to Gen. Pershing's instructions, to the chiefs of all bureaus and corps directing them to suspend construction and purchasing activities as far as possible. On November 14 an order was issued by the commanding general of services of supply, consisting of 14 pages of closely typewritten matter, going into detail as to all of the activities of the bureaus and corps and giving specific directions as to what should be done in respect to a large number of construction projects. Upward of 95 per cent in value of all orders in England had been placed with or through the British ministry of munitions and the British war office. Negotiations were at once taken up looking to the cancellation of all these orders through the British Government.

The matter was presented to the assistant comptroller in Paris and a form of certificate was presented to and approved by him, after

which an agreement was entered into with Lord Milner, on behalf of the British war office, and Gen. Biddle, on behalf of the American Expeditionary Forces, under the terms of which the British war office undertook to effect cancellations for the American Expeditionary Forces on the same terms as it effected its own cancellations except that it was distinctly agreed that continued manufacture for the purpose of ameliorating the labor and economic situation should not be pursued in respect to orders placed by the American Expeditionary Forces. Similar action was taken with the French services and negotiations were also entered into with commercial firms and individuals in France. Considerably more than 50 per cent of the orders for supplies and materials in France had been placed through the French services of supply. Upon receiving word, about December 14 or 15, of the ruling that had been made by Comptroller Warwick all action in the direction of canceling contracts ceased and everything is now at a standstill.

The CHAIRMAN. Pending that legislation.

Mr. STETTINIUS. Pending some legislation or pending some ruling of some kind.

The CHAIRMAN. The decisions of the comptroller did not affect binding contracts.

Mr. STETTINIUS. There were very few actual binding contracts on the other side if by that term you mean contracts in the form prescribed by statute. Practically all of the orders placed abroad have been purchase orders and signed by the authorized purchasing agent of the corps charged with the procurement of the particular commodity. In a large number of instances there has been no acceptance at all by the European Governments; they have merely received the letters or purchase orders and supplied the material when and as they could.

The CHAIRMAN. So that practically all of your contractual relations overseas were informal in the strict legal sense of the term and, therefore, according to the comptroller, not technically binding upon the Government.

Mr. STETTINIUS. Yes; informal according to his ruling but considered very formal as between two business men.

The CHAIRMAN. We are not discussing the moral obligation but assuming his position to be right.

Mr. STETTINIUS. Of course, our contention is and has been that the ruling of the comptroller does not apply to France.

The CHAIRMAN. So that at present matters are in abeyance?

Mr. STETTINIUS. Yes.

The CHAIRMAN. You do not mean by that the execution of contracts is being permitted to go forward.

Mr. STETTINIUS. I think that may well be the case in some instances; I have no positive information to the effect that that is the case, but if we are prohibited from canceling by the action of the comptroller, then the only alternative is to let the contractor go ahead.

The CHAIRMAN. Do you construe the action of the comptroller—assuming it is applicable to France—as being a prohibition upon cancellations? It was simply a prohibition upon settlements, as it not?

Mr. STETTINIUS. Action had been taken before I left France in the direction of canceling as many contracts as could be canceled. Now, we have no information at the moment as to how many remained uncanceled at that time or as to what action has been taken in respect to those uncanceled contracts since that time.

Mr. Sisson. The War Department, then, is permitting, so far as any action of its own is concerned, these contracts to proceed and the work to go on?

Mr. STETTINIUS. No, sir; I do not know that is so.

Mr. Sisson. You have done nothing, you say, to stop it since the comptroller's decision?

Col. CUTCHEON. I think you are at cross purposes.

Mr. STETTINIUS. My understanding is that orders were given by the commanding general of Services of Supply to cancel all contracts or materials that were no longer required. I have no information to indicate that notices of a desire to effect such cancellation were not given.

Mr. Sisson. Has not the War Department followed that order up?

Mr. STETTINIUS. I do not know; I can not speak for the War Department here at all. I have just returned from Europe and this all occurred after I left.

Mr. Sisson. I thought you were here for the purpose of speaking for the War Department.

Mr. STETTINIUS. No; I am here in response to Mr. Sherley's request to speak as to some situations abroad.

Mr. Sisson. I thought these questions were directed especially to the condition of the contracts abroad.

The CHAIRMAN. Let us see if I understand the situation: As I understand it, when the armistice was signed, steps were taken overseas to not only stop production, but to adjust and terminate the relationships that had existed between the Government here and England and France and other Governments and the nationals of those countries; that that work went forward, and with it instructions to stop production of everything that was not any longer required; that since your leaving France, upon receipt of information of the comptroller's decision that what had up to that time been created as binding legal contracts of this Government might not be, in the view of the comptroller, technically legal binding contracts, however much they might be binding in good morals, all effort at adjustment, payment, and settlement of the matters that had grown out of the relationships between the representatives of this Government and the foreign governments and nationals ceased.

Mr. STETTINIUS. That is, the settlements have ceased.

The CHAIRMAN. By that you do not mean to necessarily imply that because adjustments in the sense of settlements have ceased work is going on in connection with the production of articles that are not desired?

Mr. STETTINIUS. No, sir; I have no information to indicate that any work is proceeding.

Mr. CANNON. Let me see if I understand this: The arrangement was to put our Government on the same plane with England and France, and that they should place orders and make contracts for supplies for the United States just as they made them for themselves, whether in writing or by wire?

Mr. STETTINIUS. Yes, sir.

Mr. CANNON. Now, whether we are legally bound, or not, we are practically bound, so that the settlement of these obligations will necessarily be conducted along the lines that the contracts made in England and by France are settled?

Mr. STETTINIUS. Yes, sir.

Mr. CANNON. They having contracted for us?

Mr. STETTINIUS. That is quite true, with one exception, and that is this: Both the British and French in many instances continue work under their contracts and orders in order to give employment to labor.

Mr. CANNON. But we would not be bound by that?

Mr. STETTINIUS. That was expressly waived in the case of our own contracts or the orders placed on account of the American Expeditionary Forces.

The CHAIRMAN. So that no United States orders were continued because of the labor situation there?

CONTRACTS WITH COMMERCIAL CONCERNS.

Mr. STETTINIUS. No, sir.

My attention is called to the fact that in France there were a large number of commercial contracts let, which, of course, are not affected. They do not come within the scope of the statement that you have just made.

Mr. CANNON. What do you mean by that?

Mr. STETTINIUS. That refers to contracts with private houses and not through the Government.

Mr. CANNON. As to those commercial contracts, we are bound just as they are bound?

Col. CUTCHEON. There was an attempt to equalize our prices with the English and French prices, and the prices are the same. Now, they are settling their contracts with their commercial houses paying in commutation of cancellation sometimes 10 per cent, 12½ per cent etc., and in all cases where such contracts were made by us, we must do the same thing.

ORGANIZATION FOR ADJUSTMENT OF CONTRACTS OVERSEAS—BUREAU OF ACCOUNTS.

The CHAIRMAN. What machinery has been created, or what machinery did we have for the adjustment of these contracts overseas which was being used, as I understand you, in the actual adjustment of them until the stoppage of their activities by virtue of the comptroller's decision?

Mr. STETTINIUS. The cancellations were being effected by the various bureaus and corps by whom the orders had been placed, all working under the direction of the finance officer, who is an assistant chief of staff.

The CHAIRMAN. Who was the finance officer?

Mr. STETTINIUS. Col. Hull.

The CHAIRMAN. And the heads of the various corps of the Army that had made contracts or placed orders in the first instance functioned upon their cancellation under and with the approval of Col. Hull, as an assistant chief of staff?

Mr. STETTINIUS. Yes, sir; that is true in France, and in England there was an advisory board set up of which Gen. Krauthoff was the chairman, the other members being Col. Murphy and Col. McKeehan.

The CHAIRMAN. You were overseas as the representative of the War Department to ascertain, among other things, somewhat the extent of the liabilities that we had incurred?

Mr. STETTINIUS. No, sir; that was not included in my duties at all. I was asked to investigate the methods of accounting in the bureaus, and I made a very exhaustive examination and submitted a report to the Secretary, and also to Gen. Pershing and Gen. Harbord, in September, recommending the creation of a Finance Section, and that Finance Section was created in November.

The CHAIRMAN. Has that section undertaken to compile the financial obligations of the Government overseas?

Mr. STETTINIUS. That is the purpose of the section, and this cable which I just read a little while ago represents the results of the work of Mr. Ludlam, who was retained to supervise the work of the Bureau of Accounts, which comes under the Finance Section.

Col. CUTCHEON. I think it should be stated that the work of attempting to do that has been in progress for many months and was not simply awaiting the creation of the Finance Section. The Bureau of Accounts and the Board of Contract Adjustments were engaged at various angles in the endeavor to codify, so far as possible, the obligations of the United States and the proposed expenditures.

The CHAIRMAN. What I want to get at right now is the character of the organization, including its personnel, that has been created over here as an accounting division, because that is practically what it is.

Mr. STETTINIUS. Do you mean that is now in existence, or that which has been in existence right along?

The CHAIRMAN. As I understand it, you made a report on the matter, and subsequently there was created a division, which division has been functioning on these matters. I want to get at the organization of that division and its method of operation.

Mr. STETTINIUS. Prior to the submission of my report in September, there had been a Bureau of Accounts under the direction of Col. Hallowell, a chartered accountant. There had been a board known as the Board of Contracts and Adjustments, of which Col. Cutcheon was the chairman, Col. Cutcheon having been a member of the firm of Byrne & Cutcheon, of New York.

There had been a chief requisition officer appointed, Capt. Raymond Ayers, a chartered accountant, who had been with one of the leading firms of accountants in the United States. Under the order creating the chief finance officer, to which position Col. Hull was appointed, the Bureau of Accounts, the board of contracts and adjustments, and the chief requisition officer reported to and came under him. Maj. Hallowell was ill and unable to continue his activities and was succeeded in the early part of December by Mr. Ludlam, member of the firm of Haskins & Sells. Col. Cutcheon retired as chairman of the board of contract adjustments immediately after the armistice and was succeeded by Maj. Carl Taylor, who had been associated with Col. Cutcheon in the practice of law before he went to France. Capt. Ives continued as the chief requisition officer.

The CHAIRMAN. That was the organization that you found there?

Mr. STETTINIUS. No, sir.

The CHAIRMAN. That is the organization that has been created now?

Mr. STETTINIUS. That is the organization I left there.

Col. CUTCHEON. Col. Hull himself appointed a number of assistants of his own, among them Maj. Hill, for the purpose of representing him with respect to those activities, and also with respect to the matters of settling—

The CHAIRMAN (interposing). What are the duties of those gentlemen composing this organization?

Mr. STETTINIUS. I would prefer to have you ask that question of Col. Cutcheon, who was in closer touch with all this organization than I was. He can probably give you more directly a statement as to regard to the orders creating them. I can give you a general impression of it, but he can give you more exact information.

Col. CUTCHEON. No one of these subordinate activities has any initiative whatever. The situation before the creation of this so-called finance board was that those three activities existed. The board of contracts and adjustments was a board which was created for the purpose of passing upon contracts which were presented to it by the various bureaus and services as they might be called upon to do it, and giving a service which was analogous to that of a counsel to a corporation in passing upon bills and in the settlement of accounts presented by the various allied Governments to the American Expeditionary Force, and in adjusting them, if necessary, by negotiation, and, upon adjustment, ordering them paid by the disbursing officers. The ones I have mentioned were the primary functions of that board, and those functions comprehended pretty nearly all of the functions prescribed by the order.

At the time the board was created there was no financial organization in the Army except the financial organization which existed in the finance sections in the corps. There was no central finance organization. There was no organization for the purpose of dealing with respect to money matters with other Governments. The Board of Contract Adjustments reported to Col. Dawes, who was then the general purchasing agent. It became a matter of habit to refer matters which were the subject of negotiation or finance to Gen. Dawes, and Gen. Dawes usually referred them to me. The Board of Contract Adjustments gradually became a sort of clearing house for financial matters which did not concern the corps as individual organizations. It had no power of initiative whatever, and to this day it has none. There was created later a Bureau of Accounts. The Bureau of Accounts was created for the purpose of preparing consolidated accounts—that is, taking all the accounts of the several corps and bureaus and consolidating them. It was also created for the purpose of furnishing assistance to the various bureaus when they needed to have it, and for a variety of other things which were in the nature of obtaining information. It was largely intended to supply information to the War Department. It never completely functioned up to the time that I left France for the reason that it had an inadequate personnel. For many months it had no personnel worth considering at all. It had no power of initiative whatever, and it was regarded as a nuisance by the various bureaus there. Even such work as it was ordered to do it did under a decided disadvantage. The finance requisition officer was substituted in July for the chief disbursing officer.

The chief disbursing officer had also been chief disbursing officer of the Quartermaster Corps, and his duties were so multifarious and exigent that it was almost impossible for him to give the matter of requisitions and the distribution of funds the attention required. So we recommended the creation of a finance requisition officer to take charge of that particular function. That place was created with the approval of the Treasury, and an entirely new system of transmitting, handling, distributing, and disbursing the funds of the Army was initiated, with which, I have no doubt, you are familiar. We deal as far as possible through the French Treasury and by transfer of credits rather than by the transmission of money. That has consolidated our reserve and very much diminished the money necessary to hold idle in France or Europe, and it is also a medium of exchange. Now, these activities existed before the creation of the finance officer.

Everybody interested in the matter—Mr. Stettinius conspicuously—recommended the creation of a central financial administration, and the matter was the subject of prolonged discussion, particularly with the heads of the various bureaus and services in France who have dealt with any such matters. Eventually, and after the armistice, an order was issued creating the position of finance officer, to discharge such duties as might be delegated to him by the commanding general of S. O. S. He was also created Deputy Chief of Staff. His powers—so far as powers were conferred—were conferred by instructions given him by the commanding general of S. O. S. in a personal letter directed by the commanding general to him. Generally speaking, his powers consisted of the right—accompanied by the duty—to investigate and report. He was made the personal aide of the commanding general of S. O. S. That was the conception of the order. He was to obtain his power from day to day or from time to time as he might bring matters to the attention of the commanding general and receive his authority.

He did have the authority, however, of Deputy Chief of Staff and, as you understand, the Chief of Staff, and in some cases, the Deputy Chief of Staff or the Assistant Chief of Staff, has the right to issue orders within the purview of his own functions in the name of the commanding general, and in the absence of the commanding general he does exercise that authority and often exercises it as a routine matter, although he is there. Col. Hull's authority as Deputy Chief of Staff would enable him, if occasion arose, to issue an order in Gen. Harbord's name in respect to matters which might fall within the scope of his own functions. That is as far as I can describe it to you.

Now, Col. Hull is supposed to be consulted with by the heads of bureaus and the services, by subordinates and chief purchasing officers with respect to financial matters, and they are not supposed to run away with any problem of that sort which may fall into their hands without consulting him and giving him an opportunity, if he so desires, to consult with the commanding general and to give directions.

The CHAIRMAN. If I understand you, he is practically the source into which is headed up all recommendations made by the various corps of the Army relative to the adjustment and settlement of contracts and obligations.

Col. CUTCHEON. To a considerable extent that would be true. There was a general direction, as Mr. Stettinius has told you, with respect to cancellations and that direction, of course, was obeyed to the extent that notices of cancellation were given. We had many contracts as to which there was no power of cancellation except the arbitrary power of refusing to accept, and we had some contracts as to which there were powers of cancellation upon terms. Those contracts which could be canceled and which it was desirable to cancel were canceled. Those contracts which could not be legally canceled were canceled in the sense that notice of cancellation was given. Then the question of adjustment came up. As to that question and just how far Col. Hull would be consulted with respect to adjustments I can only say this, and I am speaking now rather from assumption than from knowledge: The heads of bureaus or services, in minor matters which were inconsequential, would go ahead and make settlements without consulting anybody, because it would be almost impossible to do anything else. Where there were matters of importance doubtless they were brought to the attention of Col. Hull or to the attention of the advisory liquidating board, which was appointed at Gen. Pershing's direction by Gen. Harbord, which consisted of Mr. Stettinius, while he was there, Gen. Dawes, and Col. Hull. That board, as I understand it, was not intended to make settlements but was intended to advise the heads of bureaus and of services with respect to settlements which they regarded as important. Those important matters, it was expected, would be brought to this board either through Col. Hull or directly, and advice would be given so that the policy might be consistent and so that the settlement of important contracts might be wisely made. And he was discharging that duty at the time we left.

The CHAIRMAN. As I understood you, until about the time of your leaving France there had been no very large activities on the part of the Accounting Division that had been created.

Col. CUTCHEON. Not until about the 1st of December.

The CHAIRMAN. It has now been enlarged in its personnel?

Col. CUTCHEON. Very much enlarged; yes.

The CHAIRMAN. It is proposed, I take it, to assemble all the financial relationships that may have existed, ascertain what they are, and be able to make a balance sheet as to money received and expended and obligations incurred.

Col. CUTCHEON. It was intended that it should do that, although that work had been done, up to that time, by the Board of Contracts and Adjustment. But it was intended that that should be done. It was also intended that it should harmonize the accounting systems as much as it could and standardize them; set up some system of reporting which would be continuous and homogeneous, and that it would set up a system of cost accounting in the various construction and industrial activities of the Army.

The CHAIRMAN. We have, in our examination of various divisions of the War Department, been constantly met with the statement that they were unable to state the extent of the liabilities that had been incurred against their appropriations overseas, nor did they know the extent of the balances that might be available overseas out of funds which had been sent by them from their appropriations. Was it the purpose of this accounting division to arrange to gather the

lata that would enable the department here to be advised touching those accounts?

Col. CUTCHEON. That ought to be done by the financial requisition officer; through him the moneys are remitted and he places the moneys that are used at the disposal of the disbursing officers who disburse them, and it ought to be possible for that information to be furnished regularly except as to obligations. As to obligations it was to be collected by the Bureau of Accounts.

The CHAIRMAN. That was just it, and in order to get a complete story would you not have to have the Bureau of Accounts, or some other bureau over there, deal not only with the question of the actual receipt of allotments of money and the disbursement of them, but also with the question of obligations incurred?

Col. CUTCHEON. Yes, sir; that is perfectly true; that would have to be done by one organization or the other, and, of course, the Bureau of Accounts ought now to be much better equipped to do it than the financial requisition officer. But you probably can not realize here the impossibility which has existed of giving you any accurate estimate of the obligations of the United States. That has arisen from a variety of causes, originally from great haste in placing the necessary orders; but, after a limited length of time, largely upon the fact that our dealings in point of amount were with the French and British Governments and our agreement with those two Governments was, in effect, that they should give us whatever we ordered and they should supply it at what amounted to cost; that is to say, a price which would involve no loss to them and which would involve no substantial profit to them. Our dealings with them ran into the hundreds of millions of dollars, and, as you know, as to those things, we could not ascertain more than a very rough approximation of what our obligation was going to be. The other difficulty was that things were going too fast. We were watching the war; our eyes were on the war and not on the Treasury, unfortunately, perhaps, but that was true.

It was always possible that our accounts would be a month late and, in fact, in most cases they were a month late, and the obligations might be largely incurred in that missing month, the earlier obligations being settled, but the later obligations outstanding. In some of our corps there were not kept consecutive records in the sense of accounts which could be referred to in total as to the obligations that arose, principally from the fact that a great part of the obligations in France were estimated, so that no accurate figure could be placed on them, and it discouraged an attempt to keep such accounts because at the very best it was a wild guess when you got through.

The CHAIRMAN. If I understand you, there was not only the difficulty of collecting your data, but, in a very large number of instances, the impossibility of obtaining the data.

Col. CUTCHEON. Yes, sir; any accurate data.

The CHAIRMAN. That is what I mean. In other words, that your contracts with the allied Governments were such as to make impracticable the ascertainment of any true data as to the amounts that were involved.

Col. CUTCHEON. Yes. You can take the ordnance contracts with France as an example, and it is the least annoying of all the examples. There, after the first months had passed, we had a general understand-

ing with the French services that they should give us, as soon as they could after an order was placed with them, an estimate and that that estimate should be within 25 per cent, plus or minus, of the amount which would become payable. Twenty-five per cent was the best we would do, because they said they could not do better than that. After a certain length of time passed we found our estimates were getting more accurate; that is to say, as our bills came in they more and more nearly corresponded with the estimates, that went with them. We then asked for a more accurate estimate, and shortly before the armistice they had agreed to bring their estimates, if possible, within a 10 per cent margin, plus or minus, and then we found we were getting them within about 5 per cent in practice as to ordnance and that was probably the very best and most accurate service of the kind we had in France. When it came to other supplies we were very much more at sea.

The CHAIRMAN. What plan, if any, if you are advised, is in contemplation for the ascertainment and adjustment of these overseas claims and liabilities?

Col. CUTCHEON. I would have to refer you to Mr. Stettinius for that because that is not within my province.

The CHAIRMAN. Have you any program in view as to the machinery you are going to employ in the adjustment and settlement of these claims overseas?

Mr. STETTINIUS. Claims under contracts and purchase orders?

The CHAIRMAN. Well, for all matters of negotiation.

Mr. STETTINIUS. I have made certain recommendations to the Secretary, but I do not know just what action will be finally taken: the cancellation of purchase orders and contracts is merely one part of the story. There is a great deal more to be done. The rest will involve more the adjustment of possible claims against us for the use of property, the use of facilities; it will involve negotiations with the French Government in respect to port dues, taxes, and eventually will involve the sale of all of the fixed improvements which, in a measure, if not wholly, are located upon lands which do not belong to us.

The CHAIRMAN. What I was inquiring about was whether you had a program as to the machinery to be used in dealing with all of these matters.

Mr. STETTINIUS. I submitted recommendations to the Secretary and proposed such machinery. I think he has the matter under consideration at the present time.

The CHAIRMAN. You do not feel like making a statement touching them?

Mr. STETTINIUS. I should prefer not to do so because the matter is entirely in his hands. I have myself tendered my resignation, but expressed a willingness to do anything I could during the period when the new machinery is getting underway.

FRIDAY, JANUARY 17, 1919.

STATEMENT OF GEN. PEYTON C. MARCH, CHIEF OF STAFF.**PROGRAM AS TO USE OF CAMPS KNOX, BRAGG, AND BENNING.**

The CHAIRMAN. General, we have had from time to time discussions touching the various camps, and particularly touching three of them, and it has developed in testimony before the committee that the War Department, unless Congress shall indicate a different opinion, proposes to make a four-brigade artillery post at Camp Knox, usually spoken of as West Point, Ky., although really located at Stithton, about 6 miles away, and a two-brigade artillery post at Camp Bragg, at Fayetteville, N. C.; and according to statements made by the Assistant Secretary of War, Mr. Crowell, in pursuance of a resolution of the Senate Committee on Military Affairs, the project at camp Benning, in Georgia, has been abandoned, and Camp Bragg, at Fayetteville, will be used as a small-arms camp in place of an artillery camp, and Camp Knox will be used along with Fort Sill as an artillery camp; and it is the desire and the intention of the department, if Congress shall not indicate otherwise, to continue the purchase of land at those two camps, the cost of the buildings and roads and walks and sewers, etc., at Camp Knox being something over \$16,000,000, of which \$12,500,000 has been expended.

Gen. MARCH. Yes.

The CHAIRMAN. And the estimated cost at Camp Bragg being \$9,500,000, of which \$7,500,000 has been spent?

Gen. MARCH. That is right.

CAMPS KNOX AND BRAGG.

The CHAIRMAN. The land at Camp Knox, Ky., now being estimated to cost \$2,500,000, and the land at Camp Bragg to cost \$1,500,000. The committee would like to know what definite program the War Department has in contemplation which makes it desirable to carry forward and finish these camps as permanent camps.

Gen. MARCH. The acquisition of those two camps originally was part of the program and scheme of instruction for the Field Artillery which was being organized for service in France and was on a larger scope than what we now propose doing. As you perhaps know, the original plan contemplated a Field Artillery camp in Kentucky at Stithton of six brigades and a Field Artillery camp at Camp Bragg also of six brigades, because we had to get larger facilities for getting men trained to get them over to France within a reasonably short time. When the armistice came and the question of the possible future of the Regular Army had to be really the basis of the determination of what we were going to do, the program which was introduced in the form of a bill providing for 500,000 men contemplates a Field Artillery component of that force consisting of 61 regiments, 20 brigades and 1 extra horse artillery regiment which goes with a Cavalry division; and the question then came up of finding places where we could train those regiments of Field Artillery in the United States.

Mr. GILLETT. Sixty-one regiments are how many brigades?

Gen. MARCH. That is 20 brigades of three regiments to a brigade and one Artillery regiment which goes with a Cavalry division.

Mr. GILLETT. How many men are in a regiment of Field Artillery?

Gen. MARCH. A Field Artillery brigade at its present strength including the headquarters outfit, is between four and five thousand men, which gives each regiment about 1,800 men, including the headquarters and the overhead.

USE OF ARMY POSTS AS FIELD ARTILLERY CAMPS.

(See p. 1087.)

There are no places in the United States where Field Artillery firing can take place for any such command as 61 regiments of Field Artillery. The question was then studied as to what scheme could be evolved by which the Regular Army in time of peace, and for all time, could keep up its Field Artillery with the necessary training which is firing and not training in the setting up of the soldiers, which can go along anywhere and can be done in the cantonments, but the actual firing which is the culmination of a field artilleryman's training; and the posts in the United States that had a terrain large enough for that work or thought to be large enough for that work were carefully gone over; and it was found that there was one post where a Field Artillery brigade or more could be profitably trained, and that was Fort Sill, which has been occupied as a Field Artillery school of fire, and during the war also had accommodations for extra Field Artillery units.

We thought we could train successfully there two brigades which would be six regiments of Field Artillery. As I recall it, the terrain of Fort Sill proper is about 51,000 acres, and while the land is rolling—I have been down there—with the Wichita Mountains, they use them as much as they can as the butts, so as to keep these long-range projectiles from going out and hitting the neighboring town of Lawton or destroying any of the surrounding property; and, of course, in firing Field Artillery all that has to be taken into consideration. You must find a place where you will not only have a large enough terrain for the firing, but be certain that the safety of the towns of the United States are not injured in any way at all. Fort Sill, then, was adopted from the posts in the United States which belong to the United States as one place where we would be able to put in and train permanently two brigades of Field Artillery.

The CHAIRMAN. Now, right at that point, you have one or two large posts out West with a good many thousand acres of land in connection with them, why were they not usable for such purposes?

Gen. MARCH. All of this has been gone into, and I will be very glad to go into it with you. The post which on paper looks as if it would be most suited to this work is Fort Wingate, which has 131,000 acres and perhaps is twice as large as Fort Sill, and is down near the Rio Grande River. This post has now no overhead, no place to put the soldiers at all, and would require an enormous amount of construction, which already has been entered upon at these other places; and incidentally, has poor railroad communication and very little water. Fort Wingate was particularly thought possible to be availed of for this purpose. In the meantime what we are doing with it is using the land down there as a storage place for the surplus TNT

which had to be gotten out from the congested districts of New Jersey, where after the Morgan accident, the whole State arose up and demanded that all that explosive be taken out; and we dumped some of it on the reservation at Tobyhanna, on top of the mountain, where if it did go up it would not hurt anybody, and the rest of it is being put at different places, including Fort Wingate. Fort Wingate received thorough consideration for this purpose and the conclusion reached was that the amount we would have to expend on it to make it a profitable Field Artillery post would not make it as economical to the Government in view of the fact that we had already embarked on an expenditure at Stithton of some \$12,500,000.

The plain fact about the matter of the expenditure for the purchase of land is what you state. When we went into this originally my recollection is—and you probably know more about the details of it than I do because it has been before your committee—we found not over 25 per cent of that entire section of land that we wanted around Stithton was cultivable land, and the rest of it was really idle land, which fitted in very well to blowing up and firing and all that sort of thing. We got options on all the land that was owned by people who were settled there, and the farmers took it for granted we were going to close out and purchase their land, and they went out and have acquired other properties based upon that implied promise of the War Department. They have all moved out, and the land is actually at our disposal; and, as has been said, we have already spent a very large amount there, too large an amount to simply throw away with a firing ground there which is ideal for field artillery purposes, a variable terrain, so that several brigades can maneuver with plenty of land and in safety to the surrounding country. It is also a centrally located point, so that the moving of brigades back and forth can be done very easily with the railroad facilities, whereas Wingate, of course, is absolutely on the outskirts of everything, and spurs would have to be built and depots put in and all that sort of thing.

The camp at Camp Bragg—

The CHAIRMAN. Before you take up that camp, there are a number of other camps out West with a very large acreage, and also in the Northwest, which are now owned by the Government. Were they considered in connection with such a camp?

Gen. MARCH. Yes.

Mr. GILLET. There is one in Wyoming.

Gen. MARCH. Do you mean Fort D. A. Russell?

The CHAIRMAN. Yes.

Gen. MARCH. Fort D. A. Russell has accommodations for one regiment of field artillery, with permanent quarters which are very elaborate in character, and unquestionably during the disposition of these 61 regiments of artillery, if Congress authorizes them, and they may, that post will be used for one regiment of field artillery. Of course, you do not get the instruction for a unit as small as that under modern conditions, because what we are going to do, if we can, is to assemble divisions together so the generals and the staff will get the instruction as well as the individual soldiers. If you know about D. A. Russell, and I suppose you do, they can not fire a shot on D. A. Russell. In order to fire at all they have to go to the Pole Mountain, a timber reservation some 25 or 30 miles away, and they march up there and back. The water there has also been a source

of disquietude, and when they used to have what we called summer maneuvers at that camp with a small force on Pole Mountain, several times they had to absolutely cut down the instruction for that year because the water played out on that reservation. All those things have been gone into with the idea of utilizing everything we have.

The CHAIRMAN. Have you not a large camp out in Washington with a large acreage?

Gen. MARCH. Yes; Camp Lewis.

Mr. CANNON. That is near Tacoma?

Gen. MARCH. That is near Tacoma. We have a large camp at Camp Lewis which is actually occupied now by troops. Of course, if this measure goes through and if Congress allows us to have 500,000 men, which consist of five corps of 20 divisions, we will have to have many divisional camps, and the one you refer to will be one of those camps. It will be used by the infantry for their drills and all that sort of thing. It is not a place where we would have field artillery training in the sense I mean. If you will let me go just one step further as to what we are after. The scheme about the instruction of these 61 regiments is this: I think unquestionably the one regiment which will be attached to the cavalry division will be left on the border for practical maneuvering all the time with the cavalry; but the field artillery brigades themselves, to instruct them as brigades, that is to have the general himself and his headquarters instruct it as we found we had to have; because with a field artillery brigade there is no such thing as the general officer having the people under him do the work. The headquarters of a field artillery brigade is in actual and personal command. We hope to have proper instruction in field artillery, and with the number of brigades—20—facing us, and with Fayetteville, Stithton, and Fort Sill having a capacity between them of eight brigades, we propose to pass through those big firing centers the entire field artillery arm, allowing eight brigades at a time to stay there, say, for a year, while the other brigades are serving with their divisions, and keep up a succession of all the field artillery through these big field artillery camps. That is the general plan of the War Department.

The amount you have already invested in the two camps at Stithton and Fayetteville make those camps the most economical for the Government, if they are going to give us 500,000 men and 20 brigades of field artillery, and expect to have them instructed.

The CHAIRMAN. The impression which was held by a number, and perhaps by everybody, was that we have now 16 cantonments, 16 camps, and a number of smaller ones, making a total of something like 40 camps in which very large numbers of men can be assembled, and for that reason the average man immediately asked himself why the Government should proceed to go forward with the development of two additional camps?

Gen. MARCH. Of course, it is obvious that you can not fire, for instance, at Camp Merritt or Camp Upton or Camp Devens, Mass., or any of these camps around which you have not the range for field artillery.

The CHAIRMAN. If I understand your position, it is predicated upon the belief that there is absolute need in peace times for camps where there can be artillery fire and training?

Gen. MARCH. Absolutely.

ARTILLERY TRAINING CAMPS FOR PEACE TIMES.

The CHAIRMAN. And in order to have that, there needed to be created three camps in the United States, without any regard to locality. Some of us are under the impression that while that represents the War Department view, it is rather ambitious, and perhaps all of the artillery training that you would have artillery or in peace times could be done at Fort Sill, for instance, which is now owned by the Government.

Gen. MARCH. It could not be done. During the time before this war, when we only had a limited number of Field Artillery regiments and no Field Artillery brigades, we tried that out thoroughly. We had a school of fire at Fort Sill and we passed the officers through there, letting them get the training in firing batteries. Sometimes they got up so that they fired a battalion, but nobody ever saw a brigade of Field Artillery together, and one of our greatest shortcomings in this war was the absence of training of the higher officers who were really responsible; and if we can, we propose to have instruction for everybody in the Army, not simply the private soldier, because the private soldier gives a good account of himself every time. The officers have to be trained and they have to be trained in firing with their units.

The CHAIRMAN. I suppose that once having reached the conclusion that you wanted permanent camps for peace purposes, you went then from that to the conclusion that you wanted to own the land at these camps?

Gen. MARCH. Of course, the proposition which the Secretary of War has put up formally to Congress is to buy these cantonments, or a large number of them, and that has not been acted on yet.

The CHAIRMAN. We are not speaking of them. They are in a little different situation. The situation with reference to these particular camps was that at the time of the signing of the armistice they were in process of construction.

Gen. MARCH. Absolutely; and Congress and your committee and other committees were told at the time we were embarking upon this, that it was in process of realization and that we were spending money on them.

PURCHASE OF LAND AT CAMP KNOX AND FAYETTEVILLE.

(See pp. 1069, 1076, 1085, 1115, 1124, 1133, 1144.)

The CHAIRMAN. That is true, although the committee had never been told anything about the purchase of the land at these camps until an estimate was submitted to Congress which was heard in connection with the deficiency bill which became a law on the 4th of November.

Gen. MARCH. Yes.

The CHAIRMAN. And when heard, was recommended by the Committee on Appropriations of the House at \$1,600,000 for Camp Knox and \$1,500,000 for Camp Bragg. That recommendation on the part of the Committee on Appropriations of the House was acquiesced in by the House itself, but the Senate cut those items out of the bill.

Gen. MARCH. Why? Do you know?

The CHAIRMAN. Because they stated they did not think it was wise to embark upon the purchase of land until some policy had been determined upon as to what we might want in peace times. The result was that the House conferees finally acquiesced in the Senate position and receded from their position of carrying the amounts, and I, having the bill in charge, in presenting the conference report to the House, expressly stated what the Senate had done and the reasons they had urged, and our final acquiescence. Now, subsequent to that the department continues construction and to a limited extent has purchased land, and the committee feels that it wants to know what reasons there are which seem to have warranted the department in going forward, notwithstanding the action which was taken in Congress.

Gen. MARCH. You have probably been told, I think, that the impression that Mr. Crowell, or whoever talked to you about that, obtained was that you believed that there was already in the hands of the War Department ample appropriation to cover the purchase of this land and ample authority to do it without asking special authority.

The CHAIRMAN. I do not know what you mean by "you believed." I expressly have not had that in mind, and I stated on the floor of the House, in a formal way, that the Senate had refused to appropriate the money because they did not feel like entering upon the permanent acquisition of camps until they knew of some policy. Now, we assumed that you did not have the money, because you asked for the money, and when the committee learned subsequently in this hearing that you were going forward, I then, on behalf of the committee, went to see the Secretary of War, and he dictated letters, which he has placed in the record, touching the matter, and we were under the impression that the matter was held in abeyance pending some determination of Congress. However, all of that has been fully gone into, and the thing, I think, we want to know from you now and which you have in a general way stated, are the reasons why, in the judgment of the War Department, it is desirable to own these two camps as permanent camps and to go forward with the purchase of the land and the completion of the buildings.

Gen. MARCH. Yes; that is the War Department policy about this matter and the number of regiments of Field Artillery and the number of brigades of Field Artillery which are proposed in this bill which was submitted to the House Military Committee yesterday will depend, of course, on what Congress does. If they throw the bill out and do not give us 500,000 men, the War Department scheme then becomes futile, of course, but assuming Congress will go ahead with a reasonable sized Regular Army, and I think they will, because the general opinion up there seemed to be that 500,000 was about what we needed; if that is so, then, of course, the only thing we can do is to look forward as well as we can and submit to Congress definitely what we propose to do, and I am now telling you exactly how we feel about the Field Artillery end of it.

We must instruct these men, and must have a reservation of sufficient size on which to give them that instruction in units of one brigade or more. On one of these places we have already expended \$12,500,000 and on another approximately \$7,500,000. The amount necessary to carry the project through is relatively small, although I agree

that as an original proposition the prices of land sold by civilians to the Government at both of these places have been increased by the demands of those people themselves, but it is possible that by condemnation proceedings this increase up to \$2,500,000 at Stithton can be brought down to something like the original estimate.

The CHAIRMAN. I know nothing about the land, its value, or the estimates that have been given, but my understanding obtained yesterday from Mr. Crowell was that the increased cost was due to the change of the program somewhat, and the location of the camps at and around Stithton, and when I speak of the camps, I mean camps in the sense of buildings, etc., as distinguished from the maneuver grounds. As I understand it, that involved land of greater value.

Gen. MARCH. As to the feature of it, that may be true, but, in addition to that, the price per acre of the idle land around there has risen considerably. I know that was the case around Fayetteville. I know that land around there that was selling for \$5 per acre came up to eleven or twelve dollars per acre. I think all of that can be adjusted, however, if we have the authority to go ahead with this thing.

The CHAIRMAN. Suppose we had an army of half the size you have indicated, or of 250,000 men: How many Field Artillery brigades would be with that army, and to what extent would you need ground for their training?

Gen. MARCH. The act of June 3, 1916, called the national defense act, provided for 21 regiments of Field Artillery. That was our strength before going into the war. Based on three regiments to the brigade, that would be seven brigades of Field Artillery. As you will recall, that act provided that in time of peace the enlisted strength of the Army, exclusive of the Philippine Scouts, should not exceed 175,000 men, but when all of its units were raised to war strength, that strength would go up to in the neighborhood of 280,000 men. In other words, under the old organization, and if Congress passed nothing, or if Congress should revert to the old organization, the maximum strength possible would be 280,000 men, which would include the 250,000 men suggested by you, and I would say, offhand, that the Field Artillery component of that strength would be in the neighborhood of 21 regiments.

The CHAIRMAN. Or seven brigades?

Gen. MARCH. Yes, sir.

The CHAIRMAN. What percentages would you need for the training of those seven brigades?

Gen. MARCH. We would need the facilities that we have in this contemplated scheme to provide for the training of eight brigades. In other words, if we continue on with Fayetteville, Camp Knox, and the Fort Sill project, we would have at those three places facilities for training the entire Field Artillery component of an Army of 175,000 or 200,000 men.

The CHAIRMAN. The committee gained the impression from Mr. Crowell's testimony that, in view of the abandonment of Camp Benning, it was proposed to use Fayetteville as a camp for small-arms training.

Gen. MARCH. That proposition is only a proposition, and they can not do it. They can not have Infantry with small arms and the tank

schools that we have contemplated at Benning on the same ground where they are firing with brigades of Field Artillery.

The CHAIRMAN. The idea was that it was to be abandoned as a Field Artillery camp, and that the Army would then depend upon its camps for Field Artillery, one at Fort Sill and one at Camp Knox.

Gen. MARCH. It would be a very undesirable thing to do that. Of course, if it has to be done, it has to be done, but you can see that if we had 20 brigades of Field Artillery to be instructed, and the maximum capacity of the terrain could take care of only eight brigades it would take three years for the entire Field Artillery army to pass through those places. If you take only one of them, with a capacity of four brigades, at Camp Knox, and a capacity of two at the other place, it would mean that much more time. It is desirable to have what we have asked for.

The CHAIRMAN. If I understand you, on behalf of the War Department you are urging the completion of these two Field Artillery camps as necessary for the needs of the Army, even though it should revert back to the size that the law existing at the outbreak of the war authorized?

Gen. MARCH. Yes, sir; that would be a very good thing to do.

The CHAIRMAN. Holding that position, you therefore would naturally hold the position that the need of it would be all the more if your Army were to be an army of 500,000 men.

Gen. MARCH. Yes, sir. Of course, in demobilizing the Army it will be demobilized down to the point where we will have a force left large enough in any case to fulfill our international obligations. Five hundred thousand men is not a large force under the present international conditions.

PROGRAM AS TO PURCHASE OF CAMPS AND CANTONMENTS.

(See pp. 1087, 1124, 1139.)

The CHAIRMAN. Have you worked out any sort of program as to what you want to do in connection with the camps, General?

Gen. MARCH. Yes, sir.

The CHAIRMAN. Irrespective of the Field Artillery?

Gen. MARCH. Yes, sir.

The CHAIRMAN. What is it?

Gen. MARCH. Well, if you are referring to the opinion of the War Department on that subject, it was set forth by Mr. Baker when he had his hearing up here asking to have all these cantonments bought.

The CHAIRMAN. I have not seen the testimony before the Military Committees, but my understanding from what Secretary Baker and Mr. Crowell stated was that altogether, aside from the question of the Army's needs, they were desirous of purchasing the land on which the 14 cantonments, where we did not own the land, rested, in the belief that it would enable us with less haste to more advantageously salvage our investment, and that the difference between what we would have to pay in damages if the land were retained and what we would have to pay for the purchase of the land would be more than offset by the added salvage that we would get out of the camps.

HOUSING FACILITIES FOR 500,000 MEN.

What I was asking you, however, was whether the War Department has any policy touching the housing of an army of 500,000 men, and what camps, or what number of camps, if any, of the exist-

ing camps it would propose to permanently retain, or whether it proposed to build new camps, or what its program is.

Gen. MARCH. I will tell you as far as we can go. What Mr. Baker stated to you about the salvaging of the camps is true. The claims for damages at those camps in some cases actually exceed their purchase price. In other words, the United States could buy them for the sums now claimed for damages, or less, and it would be a good business proposition to buy them. In addition to that, I think you will find from Secretary Baker's testimony, at least as it was reported in the papers, and that is the only place I saw it, that he said, in response to some similar question and leading up to your idea, that those camps would be available for housing whatever troops Congress authorized next year, and, of course, he knows that we have been working on a scheme by which those 500,000 men, if authorized, would be taken care of, so many in the Philippines, so many in Hawaii, so many at Panama, and so many on the border, and would be distributed, so far as possible, so as to maintain the maximum number in those camps, if Congress gives them to us. That is the general idea.

The CHAIRMAN. You have not undertaken to determine on any particular camps that would be retained?

Gen. MARCH. Substantially so. We have gone into the subject of the location, capacity, and availability for instruction of all the camps we now have in our possession temporarily, and we have about concluded that camps ought to go if Congress authorizes 500,000 men.

Mr. GILLET. The present existing camps provide what capacity?

Gen. MARCH. They will take care of all the men that will be authorized by Congress.

Mr. GILLET. They will take care of a great many more, will they not?

Gen. MARCH. Yes, sir; a great many more. We will never have to ask anything more on that score. Furthermore, the fact of the matter is that we have at those camps now, as you know, housing construction, and the housing problem is solved for an army of 500,000 men for at least some years to come. We find that the wooden structures that were put up are comparatively long lived, and what we would have to ask for some years would be only for funds for repairs.

The CHAIRMAN. Still, even with an army of 500,000 men, with the number of the men you would have stationed in the Philippines, in the Hawaiian Islands, and at Panama, you would not need to maintain 16 army cantonments plus the three others that we have been talking about, or 19 in all, in order to house the balance of the 500,000 men who would be here.

Gen. MARCH. That is all true, of course, but the number of divisional camps that would be retained would not be sixteen.

SALVAGING NATIONAL GUARD CAMPS.

The CHAIRMAN. You would expect to scrap and salvage a number of those camps?

Gen. MARCH. We are doing that now.

The CHAIRMAN. Are you doing that in any cantonments?

Gen. MARCH. We are in the National Guard camps. We have already ordered Camp Coady, Camp MacArthur, and some others.

salvaged, and we are doing that with the camps gradually, one after another, as fast as the troops are demobilized. We are coming down to the point where we will be able to say definitely what we want, and we are settling those things now as fast as we can.

PURCHASE OF LANDS AT CANTONMENTS.

(See pp. 1087, 1122, 1139.)

The CHAIRMAN. In the meanwhile, it is your desire to actually buy the lands at 14 of these cantonments and to buy the land and finish the construction at Camp Knox and Camp Bragg?

Gen. MARCH. Yes, sir; and we would like, besides, to have the one at Columbus, Ga., or Camp Benning.

Mr. CANNON. You want to abandon all of the camps and keep the cantonments?

Gen. MARCH. The purpose is substantially to abandon the tent camps and retain the camps where we have hut construction, or the cantonments. These camps we are talking about are additional to those. At those artillery camps we have selected we have large terrain. We must have terrain enough to fire guns at a range of 13 miles. The old guns used to fire at a range of from twelve hundred to thirty-two hundred yards.

Mr. CANNON. What you are insistent about is Fayetteville?

Gen. MARCH. Yes, sir; and the one near Stithton, Ky., or Camp Knox.

STATUS OF DEMOBILIZATION.

The CHAIRMAN. General, what is the War Department's idea now as to the rapidity with which the demobilization of our forces should be and can be carried out?

Gen. MARCH. The state of the demobilization is just this: During last week we have ordered the demobilization of the final elements of the 1,700,000 men in the United States. There had been ordered before the demobilization of 50 per cent of the 10 combatant divisions still in camps. We ordered the demobilization of the outlying units and week before last 50 per cent of the combatant divisions. During last week we ordered the demobilization of the last of the men except the Regular Army men. You will find in each combatant division two regular regiments around which the other units were collected. Then we have some Coast Artillery and some Cavalry along the border and Staff Corps, but outside of those we have ordered the demobilization of everybody in the United States.

Mr. GILBERT. How soon will that be completed?

Gen. MARCH. That brings up this point: At each camp which has been selected as a demobilization camp, which for troops coming from abroad are near the ports of debarkation, we have a headquarters detachment. We have selected a number of such camps all over the United States, and we intend to keep a headquarters detachment at each. It is really a demobilization detachment, consisting of medical men and their assistants to examine the men physically, men who would prepare the accounts, men to make out the war-risk insurance papers, men to check in their property, and that sort of thing.

Therefore, there will be an overhead at each one of those demobilization camps which will be somewhat permanent until the people are brought back. We will have at each one of those camps an overhead of perhaps 500 men. I believe now to-day, going at the rate we have been going, that we will be able to get out all the men, except those I have mentioned, from all of the camps in the United States in one month. We will clean them out completely and leave the camps free for the people coming from abroad. We have got those headquarters detachments up to the point where they are able to turn out, when working at maximum speed, about 1,000 men per camp per day. We have about 30 camps, so that our maximum performance is in the neighborhood of 30,000 men per day. We reached that point twice during December, but it fell back during the Christmas and New Year holidays. It is coming back up now, and at that rate we will clean up everything in the United States in about a month, except the organizations I have already specified.

The CHAIRMAN. How rapidly will you bring the men from overseas?

Gen. MARCH. That brings up the question that we were just discussing informally. We have made a study of the available tonnage and know about what our maximum is, including the German ships that may be turned over to us, and on that basis we know that we can demobilize in the United States the maximum number that Gen. Pershing can send across.

FRIDAY, JANUARY 17, 1919.

CONSTRUCTION WORK.

STATEMENTS OF BRIG. GEN. R. C. MARSHALL, JR., COL. F. M. GUNBY, LIEUT. COL. C. C. WRIGHT, LIEUT. COL. O. P. CHAMBERLIN, AND MAJ. H. S. FRENCH, QUARTERMASTER CORPS, UNITED STATES ARMY.

CAMP KNOX, AT STITHTON, KY.

(See pp. 1069, 1076, 1115, 1119, 1124, 1133, 1144.)

The CHAIRMAN. General, the committee wanted to get from you further information, if you have it, touching Camp Knox, Camp Bragg, and Camp Benning. We wanted to ascertain how much has been expended, if you have it, at these camps and how much has been expended since the armistice and what could be saved if it was stopped shortly.

Gen. MARSHALL. I can give you the figures you ask for except how much has been expended since the armistice. I would probably have to get a report from the job itself to determine that exactly.

The CHAIRMAN. If you could tell us that approximately, perhaps it might satisfy us. If you can give us the figures now that have been expended at these camps, you can state them in any order you desire.

Gen. MARSHALL. Camp Knox, expended and obligated to date, \$12,500,000.

The CHAIRMAN. Can you tell us how much of that is underground and how much of it is in buildings and how much in roads?

Gen. MARSHALL. Yes; we can segregate all those items. I do not think we have got that here. The percentage of completion of the

building proper on the new basis at Camp Knox of four brigades the buildings are about two-thirds completed. The underground work is not so much completed and the road work is a little less yet completed.

The CHAIRMAN. Apparently, according to the statement of Mr. Crowell, the project as completed was to cost about \$16,500,000!

Gen. MARSHALL. \$16,233,184.

The CHAIRMAN. So there would be something less than \$4,000,000 to be expended?

Gen. MARSHALL. Yes, sir; \$3,733,184.

The CHAIRMAN. That would indicate that your completion, taking the project as a whole, was very much more than two-thirds.

Gen. MARSHALL. Yes: the material is on the ground. When I say the buildings are completed, that means that the lumber has actually been placed in place in the buildings themselves. The rest of the material is there, and, as a matter of fact, there is more material on the ground than necessary to complete for the four brigades. It was practically started as a six-brigade project, and much of the material has been delivered on that basis.

The CHAIRMAN. How much has been done in the town of Stithton, if you know?

Col. WRIGHT. Just exactly what do you mean by the town of Stithton?

The CHAIRMAN. The reason for my question is that it developed yesterday that as this project has gone on, without the committee or any of us knowing anything about it, it now involves an expenditure for the purchase of land estimated at about \$2,500,000 instead of \$1,600,000, which was estimated for in October; and the explanation, as far as the matter was explained, lay in the statement that the location of the camp involved taking the little town of Stithton: and what I was trying to ascertain was how far you had gone with the work there so as to involve the Government in the purchase of lands there which seemed to be more expensive than the general cost of lands elsewhere over the site.

Col. WRIGHT. The principal construction work that is done directly in the town of Stithton is in connection with roads or water lines and things that had to pass through there. We have taken down some buildings that were in the town in order to make way for those roads, and also to take care of a shift in the main line of the Illinois Central Railroad, which was necessary.

The CHAIRMAN. You have actually added to the value of that little community by the improvements that have been placed there, have you not?

Col. WRIGHT. I should say so; yes, sir.

The CHAIRMAN. Of course, as to the property you have actually taken and the buildings you have destroyed, there is that damage, but as to the rest of the town, if the property was not taken, it would not involve necessarily the Government in damage.

Col. WRIGHT. That is a question which it is a little bit hard for me to answer, because it involves legal phases which I am not familiar with.

The CHAIRMAN. You know nothing about the real estate end of it?

Col. WRIGHT. No, sir.

The CHAIRMAN. How much of this town is involved in your present plan?

Col. WRIGHT. I could explain a little better with a plan in front of you. The situation there is that the Chief of Field Artillery laid out his firing sectors, and then the camp site had to be placed far enough south to clear those firing sectors. That necessitated putting the quartermaster storehouses and yards clear to the south of the town, so brigades lay to the east of the town and four brigades to the north of the town, and the hospital to the southwest of the town, which made it necessary for the lines of communication between the brigades of the camp and the quartermaster yards and the hospital directly through the town.

The CHAIRMAN. You are now only going to have four brigades here?

Col. WRIGHT. Yes, sir.

The CHAIRMAN. Has that altered the situation any?

Col. WRIGHT. Not materially, for the reason that the quartermaster yard was largely completed and the hospital construction also was partly completed, and those units remain in the same relative location that they did before.

The CHAIRMAN. Are you familiar with the state of completion of the work there?

Col. WRIGHT. Generally.

The CHAIRMAN. What is your idea as to the extent that the buildings are completed?

Col. WRIGHT. You mean by that for the four-brigade camp?

The CHAIRMAN. Yes.

Col. WRIGHT. I should say about 75 per cent.

The CHAIRMAN. That is as to the buildings?

Col. WRIGHT. Yes, sir.

The CHAIRMAN. But from what Gen. Marshall tells me the material is all there.

Col. WRIGHT. Yes, sir.

The CHAIRMAN. Does that apply to the hospital material as well as the other material?

Col. WRIGHT. Practically so. There are some special items that have not yet been delivered, but practically all the material necessary to complete the hospital is there.

The CHAIRMAN. Gen. Marshall, what saving in expenditure would there be if the work was stopped?

Gen. MARSHALL. \$3,733,184 if it was stopped to-day.

The CHAIRMAN. Do you mean that literally, or do you mean that, less the amount of material that has been sent there but which you may not have paid for?

Gen. MARSHALL. I mean literally that, less whatever it would cost to get the people away. The \$12,500,000 takes care of the material on the site and material obligated for.

The CHAIRMAN. So that the rest is in construction proper?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. If the camp were stopped now, what would you have there?

Gen. MARSHALL. You would hardly have an operative condition. The sewer lines would not be complete, the water lines would not be complete, the roads would not be complete. The buildings for cer-

tain units would be complete, but you would hardly have an operative condition if the work was stopped now on account of these utilities being in a state of incompleteness. Is not that about the exact condition, Col. Wright?

Col. WRIGHT. Yes, sir; and the fact that the hospital is not ready for occupancy.

The CHAIRMAN. What salvage would you have out of the plant?

Gen. MARSHALL. There is possibly \$6,000,000 in material used in the construction work. I would say that the salvageable part of that will not net the Government certainly more than 20 per cent and possibly not more than 10 per cent. You see the work that goes underground, and the road part of it, the wood pipe that is used for the water mains, the tile pipe that is used for the sewer lines, and also the road work, is not salvageable, and that possibly includes 50 per cent of the material in cost. I do not know whether it runs that high or not, but I am trying to be safe on the percentages I am using; and of the material that goes into buildings which is salvageable, that is the principal part of it, and I would say that we might fairly expect to get about \$2,000,000.

The CHAIRMAN. You are not familiar with the land situation?

Gen. MARSHALL. No, sir.

The CHAIRMAN. Is it possible to reduce advantageously the size of this camp at all?

Gen. MARSHALL. Not below four brigades.

The CHAIRMAN. Are you going to keep within these estimates if the camp is continued to completion?

Gen. MARSHALL. Yes, sir; if no more buildings or other things are put on us, we will, and I do not anticipate they will be. For the work contemplated we will keep within these estimates.

The CHAIRMAN. When would you expect to complete the camps?

Gen. MARSHALL. The 1st of April. The roads would not all be completed then because much of that work would be held up for the weather, but the buildings proper would be.

The CHAIRMAN. Are you housing troops now in the barracks instead of in tents there?

Col. WRIGHT. Yes, sir.

The CHAIRMAN. All the troops have been taken out of tents?

Col. WRIGHT. In Camp Knox Barracks they have been housing about one brigade of Artillery.

The CHAIRMAN. For a while they were being housed in tent camps.

Col. WRIGHT. That was the temporary camp located down at West Point about 6 miles away, and was built before Camp Knox was started.

The CHAIRMAN. That has been abandoned?

Col. WRIGHT. I think so. I do not think there are troops being housed there now.

Mr. CANNON. Measured by miles, what is the area which the Government has taken or seeks to take over?

Gen. MARSHALL. Approximately, as we understand it, about 40,000 acres, which would be about 65 square miles.

Mr. CANNON. And the actual expenditure up to this time has been how much?

Gen. MARSHALL. \$12,500,000 on construction. What it has been on the purchase of land, I do not know.

Mr. CANNON. How many people are in a brigade?

Gen. MARSHALL. The four brigades there with the auxiliary troops run to approximately 30,000.

Mr. CANNON. Now the object for the location of this camp is for a proving camp, is it not?

Gen. MARSHALL. Yes, sir; it is for artillery training—to have an artillery range.

The CHAIRMAN. You do not mean proving in the sense of testing?

Gen. MARSHALL. Not in the sense of an ordnance proving ground, but in the sense of an artillery school.

Mr. CANNON. It is for an artillery school?

Gen. MARSHALL. Yes, sir; for the training of Artillery troops. It is my understanding, sir, that it was selected for the Chief of Field Artillery with that end in view.

Mr. CANNON. The North Carolina camp at Fayetteville, I believe, is for the same purpose?

Gen. MARSHALL. As I understand it; yes, sir.

Mr. CANNON. And the Georgia school which you have abandoned was also for the same purpose?

Gen. MARSHALL. No, sir; that was for a school of arms, for small arms, and not for artillery. That was for rifle work.

The CHAIRMAN. And machine guns?

Gen. MARSHALL. And some machine guns, too, I think.

Mr. CANNON. What is the area at Fayetteville in miles?

Col. WRIGHT. About 120,000 acres.

Mr. CANNON. About 40,000 in Kentucky and 120,000 acres at Fayetteville?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. And both of the camps were intended for practically the same purpose?

Gen. MARSHALL. Yes, sir; as I understand it.

Mr. CANNON. Is there any other camp in the United States intended for this same purpose?

Gen. MARSHALL. Fort Sill, Okla.

Mr. CANNON. What is the area of that camp?

Gen. MARSHALL. My recollection is that Fort Sill is about 60,000 acres.

Mr. CANNON. So you have 40,000 acres at Knox, 60,000 acres at Fort Sill, and there the Government owns the whole thing, as I understand it?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Is that to be maintained or abandoned?

Gen. MARSHALL. I just do not know, sir. I have heard it stated both ways, and what the final determination has been, I do not know.

Mr. CANNON. You have railroad transportation at Fort Sill, have you?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Fort Sill is in the western part of Oklahoma?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Now, taking Camp Knox, for instance, and I will ask you something along the same line about Fayetteville, the camp includes roads—how much of roads—how many miles?

Col. WRIGHT. I should say about 30 miles.

Mr. CANNON. What is the nature of the roads there—pikes, macadam or cement?

Col. WRIGHT. One of the big items of road work is the fact that the Dixie Highway ran directly through the reservation and inside of the firing sector, which made it necessary to move the Dixie Highway because you can not fire over a road of that kind. There were about 10 miles of new construction necessitated by that not included in the above.

Mr. CANNON. That was for the Dixie Highway, and that gets clear outside of the reservation?

Col. WRIGHT. No, sir; it is on the reservation, but it gets it outside of the firing sector.

Mr. CANNON. At Camp Knox you have put in sewerage?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Wooden-pipe sewerage?

Gen. MARSHALL. Tile pipe for the sewers.

Mr. CANNON. You spoke of some wooden pipe.

Gen. MARSHALL. That is for the water supply.

Mr. CANNON. And that water supply is to accommodate 30,000 troops, with sewers for the necessary drainage?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. And that is about how much completed?

Gen. MARSHALL. Nearly two-thirds.

Mr. CANNON. What is the cost of the sewers and the roads which you say are two-thirds completed up to this time, approximately, if you can give it?

Col. WRIGHT. The cost of the roads and grading is about \$1,500,000, the total cost.

Mr. CANNON. And that is about two-thirds completed?

Gen. MARSHALL. The roads and grading are not that much completed. I do not think they are much more than 40 per cent completed.

Mr. CANNON. So that the roads and the drainage, the sewerage—

Col. GUNBY. The drainage he speaks of is not the sewerage you have in mind. He means the surface drainage.

Gen. MARSHALL. Yes; he is speaking of the surface drainage for the surface water.

Mr. CANNON. And that is about 40 per cent done?

Gen. MARSHALL. The roads; yes, sir.

Mr. CANNON. What possible use is there now for three of these artillery posts?

Gen. MARSHALL. I do not know, sir; that is out of my province.

Mr. CANNON. Have you any figures as to what the cost of maintenance would be at Camp Knox to keep it as good as it is now; or, in other words, what is the lifetime of these roads and sewers and this drainage?

Gen. MARSHALL. The lifetime of the sewerage and water systems is indefinite. The buildings should be good for 20 or 25 years, perhaps. The lifetime of the place is fairly indefinite. It is a question of maintenance.

Mr. CANNON. You mean that these wooden pipes for the water system will last indefinitely? Will they not wear out in a very short time?

Gen. MARSHALL. No, sir; they will last forever.

Mr. CANNON. The wooden pipes?

Gen. MARSHALL. Yes, sir. They say that they have got those water pipes that have been in existence ever since they have been put down, perhaps 30 years or more, and they are just as good to-day as when they were put down.

Mr. CANNON. Where was that?

Gen. MARSHALL. At different places. If the wood is kept saturated with water it does not rot. If the water is kept in the wooden pipe and the pressure is maintained so that the wood is saturated, it does not rot.

Mr. CANNON. Then, that is better than steel or iron.

Col. GUNBY. It is better than steel but not better than cast iron.

Mr. CANNON. Which is the more expensive?

Col. GUNBY. Cast iron. We are using wood principally because it is a great deal cheaper to install.

Mr. CANNON. With no troops there at all, when you finish this—

Gen. MARSHALL. There are troops there now, sir.

Mr. CANNON. I know there are troops there now, but this was built supposed to be built as a necessary war measure, with this great world war upon our hands, and you have Fayetteville, Sill, and Knox, and two of those places at least are to be practically abandoned, are they not?

Gen. MARSHALL. I do not know, sir.

Mr. CANNON. Well, you know about the maintenance.

Gen. MARSHALL. Yes, sir; the maintenance would probably run from 8 to 10 per cent.

Mr. CANNON. Will you state that in dollars?

Gen. MARSHALL. That would be about \$1,600,000 a year.

Mr. CANNON. And the total cost of the camp is what?

Gen. MARSHALL. \$16,233,184 for construction alone. That does not include the purchase of the land.

Mr. CANNON. That maintenance of 10 per cent includes roads, sewers, drainage, and the buildings?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. And that would be \$1,600,000 a year?

Col. GUNBY. Roughly speaking, yes, sir.

Mr. CANNON. And that is without regard to whether it is used or is not used as a camp?

Gen. MARSHALL. No, sir.

Mr. CANNON. Practically so. I am speaking now of maintenance.

Col. GUNBY. It would vary somewhat with the use of the camp, because one of the big items of maintenance would naturally be maintenance on the roads if you did not use them.

Mr. CANNON. After all, you have got the Dixie Highway going across the reservation, and you have got roads everywhere in Kentucky, and is not this road open to public use?

Gen. MARSHALL. Yes, sir; that particular road is.

Mr. CANNON. Are not all the roads open to public use?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Ten per cent for maintenance for 10 years on this camp would be as much as the total cost of the camp. Does that include the purchase of the land?

Gen. MARSHALL. No, sir.

Mr. CANNON. If this world war is ended, and the Army is reduced, say, to 500,000 men, would you calculate that you would occupy have need for Fayetteville, Knox, and Fort Sill? Would not one of them be quite enough?

Gen. MARSHALL. I do not know. It is not my province to determine that, and I do not feel that I could answer that or venture opinion on it, even.

Mr. CANNON. Do you know what the Government would get out of this whole matter if it were junked? Could you answer that question?

Gen. MARSHALL. Do you mean if the Government were to stop work there to-day?

Mr. CANNON. Yes.

Gen. MARSHALL. Of this \$16,233,184 there would be a saving of \$3,733,184.

Mr. CANNON. That is on construction alone?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Maintenance is one thing, but this would be junking the construction work?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Of course, you have no idea what the land would be worth?

Gen. MARSHALL. No, sir.

Mr. CANNON. Who would have knowledge about that?

Gen. MARSHALL. That would be under the real estate unit or section.

CAMP BRAGG, FAYETTEVILLE, N. C.

(See pp. 1069, 1083, 1115, 1119, 1124, 1133, 1152.)

The CHAIRMAN. Can you tell us how much money has been spent and how much it is proposed to spend at Fayetteville, and what is the condition of the work?

Gen. MARSHALL. At Fayetteville they propose to complete it for two brigades. The amount that has been spent is \$7,500,000, and the amount required to complete it would be \$9,500,000, or \$2,000,000 more.

Mr. CANNON. \$7,500,000 has been expended, and \$9,500,000 in all will be required to complete it for two brigades?

Gen. MARSHALL. Yes, sir; and the percentage of completion is just a little more than that at Camp Knox. The materials to complete it are on the ground, except as to some special things. There is more material than is necessary to complete it, but there are some other things that we will have to get in.

The CHAIRMAN. General, as I understand you, you are about two-thirds or three-fourths finished at Fayetteville?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. On the basis of a two-brigade post?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Your expenditure is now \$7,500,000, and \$2,000,000 more will be required?

Gen. MARSHALL. Yes, sir; exclusive of land.

The CHAIRMAN. When you finish there, you will have accommodations for one-half the number of troops that you will have at Camp Knox?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. What is the situation in regard to Camp Bennings?

Gen. MARSHALL. Camp Bennings has been abandoned, or ordered abandoned.

The CHAIRMAN. Let me ask you as to Camp Bragg: What would be saving there be if that was stopped?

Gen. MARSHALL. \$2,000,000.

The CHAIRMAN. What salvage would there be?

Gen. MARSHALL. Possibly from \$1,000,000 to \$1,250,000.

Mr. Sisson. What would that salvage consist of?

Gen. MARSHALL. Stoves, boilers, and such salvage as you could get from piping, electric wire, etc.

Mr. Sisson. What would you do with the lumber?

Gen. MARSHALL. We would sell it.

The CHAIRMAN. In speaking of salvage, do you mean net, after removing the buildings and restoring the ground?

Gen. MARSHALL. I do on this, because I think if we salvaged them right now we would find enough material not in place to make it really a fairly salvageable proposition. All of the things have not been used, such as stoves, hot-water heaters, boilers, etc., and that would make this a much more salvageable proposition than a camp that has been used would be. At some places, camps that have been used, instead of having any money in them from salvage, will cost something to clean them up.

SALVAGE AT CAMPS.

The CHAIRMAN. In moving these camps, then, you had in mind the salvage that would follow from the restoration of the ground back to its former condition?

Gen. MARSHALL. It would not include any claims for damages to land.

The CHAIRMAN. I understand that it would not; but, presumably, it would affect the damages to the land, or the use of the land, if structures were removed from the land. It means cleaning up, and I want to know whether, when you speak of salvage and the saving of given sums, you mean that you would get enough money to get off of the places the things that are there and have the balance that you speak of as the salvage amount.

Gen. MARSHALL. That is, provided the question of leaving pipes in the ground and leaving the roads where they are does not involve claims for damages. For example, we would not take up wood pipe, and it may be that wood pipe in the ground would be a cause for damage.

The CHAIRMAN. It might also be a cause for credit.

Gen. MARSHALL. Yes, sir; it might be the reverse.

The CHAIRMAN. Depending somewhat upon the use that could be made of the land?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. Wood pipes would not interfere with the cultivation of the land or any other use that I can conceive of.

Gen. MARSHALL. This is assuming that you could go there and get this material and sell it.

Gen. MARSHALL. No, sir.

The CHAIRMAN. What had been done there when you stopped?

Gen. MARSHALL. Col. Chamberlain will answer that.

Col. CHAMBERLAIN. The Bennings camp required a railroad about 9 miles in length, and that railroad is nearly completed. An administration building has been put up and some warehouses built. That is about the extent of the work.

The CHAIRMAN. Has that railroad any value?

Col. CHAMBERLAIN. That is a question I am unable to answer. I do not know whether we could turn it over to one of the railroad companies there or not.

The CHAIRMAN. Does it feed anything? Would there be any reason for it other than the camp?

Col. CHAMBERLAIN. Not that I know of, unless it should be used as a branch line to reach out into the farming country that a portion of the camp occupies.

Mr. CANNON. You have the iron or rails?

Col. CHAMBERLAIN. There is some salvage in the railroad. The railroad will cost about \$350,000, and there will be some salvage. Of course, the rails can be salvaged. The grading will be a loss, and it was rather heavy grading, some of the grades being as high as 3 per cent. There were some pretty heavy fills and cuts to be made.

The CHAIRMAN. Is it a standard-gauge road?

Col. CHAMBERLAIN. Yes, sir.

The CHAIRMAN. What sort of rails were used?

Col. CHAMBERLAIN. The rails, I think, were 67-pound rails. They were manufactured for the Russian Government.

The CHAIRMAN. What is the character of the administration building?

Col. CHAMBERLAIN. The administration building is a frame building. I should say it is approximately 150 feet long by 50 feet wide. That building was constructed for use as an administration building for the construction quartermaster and for the contractor.

The CHAIRMAN. What salvage do you expect to get out of this camp?

Gen. MARSHALL. There will be no salvage except what you can get out of the railroad.

The CHAIRMAN. Will you get any out of the buildings?

Gen. MARSHALL. As to the buildings, the location is such that I doubt whether we will get anything for them. In this camp probably we will have to pay somebody something to carry them away.

The CHAIRMAN. What was this camp to have cost?

Gen. MARSHALL. \$14,000,000.

The CHAIRMAN. Exclusive of the land?

Gen. MARSHALL. Exclusive of the land. Of that \$14,000,000, since the armistice has come about, we had intended to ship in materials from other places not to be used to the extent of \$6,000,000.

The CHAIRMAN. So that you would have had an outlay of \$8,000,000, plus \$6,000,000 in material, but which material had a value, if not used, presumably, of something less than \$6,000,000?

Gen. MARSHALL. Yes, sir; it had a safe value of \$3,000,000.

The CHAIRMAN. So that your investment would have been about \$11,000,000?

Gen. MARSHALL. Yes, sir.

PENDITURES FOR CONSTRUCTION WORK AT CAMPS AND CANTONMENTS.

The CHAIRMAN. Now, General, you, or your department, has had supervision of the construction of these camps: How much do you are has been expended at the 16 cantonments, excluding those see camps we have been talking about?

Gen. MARSHALL. You mean the 16 original cantonments?

The CHAIRMAN. Yes.

Gen. MARSHALL. With all the additions and everything?

The CHAIRMAN. Yes; what investment has the Government put o them?

Gen. MARSHALL. They would average between eleven and twelve llion dollars, with all the extensions and auxiliaries put with them.

Mr. CANNON. Does that include the land?

Gen. MARSHALL. No, sir. It will average between eleven and elve million dollars. Some will run as high as \$14,000,000, and me less. That is with all the extensions and additions that have en put on them.

The CHAIRMAN. That would indicate about \$176,000,000.

Gen. MARSHALL. I guess that is somewhere near right.

The CHAIRMAN. As I recall the testimony yesterday of the Assistant etary of War, it was that the cost has been about \$156,000,000.

Gen. MARSHALL. If you mean the original cost, that is one thing, it if you mean the cost plus everything that has been added—

The CHAIRMAN (interposing). That is what we want, because there no reason for getting the original cost. In other words, the Gov- nment has put so much money into these camps.

Gen. MARSHALL. To give that figure, I would have to compile it.

The CHAIRMAN. I wish you would supply that for the record.

Gen. MARSHALL. I will do so.

National Army cantonments.

Camps.	Acreage leased.	Annual rental.	Total investments.
ster.....	9, 139	\$89, 940	\$13, 000, 000
evens.....	11, 000	30, 000	11, 800, 000
ix.....	6, 848	162, 760	12, 300, 000
idge.....	5, 209	53, 343	10, 800, 000
haston.....			10, 500, 000
rdon.....	4, 672	46, 231	11, 100, 000
radu.....	5, 654	113, 096	14, 400, 000
erson.....	11, 548	29, 571	10, 000, 000
se.....	9, 240	139, 851	16, 500, 000
exis.....			8, 400, 000
yle.....	9, 349	72, 110	16, 200, 000
ike.....	10, 000	1	12, 700, 000
erm in.....	11, 802	79, 193	12, 900, 000
aylor.....	3, 488	36, 282	8, 000, 000
avis.....	18, 250	6, 489	8, 200, 000
pton.....	15, 198		13, 500, 000
Total.....	131, 437	858, 887	190, 300, 000

Mr. CANNON. Does that include beds, hospital equipment, and hings of that kind? Who has charge of those things?

Gen. MARSHALL. The Medical Corps gets the beds and hospital equipment.

The CHAIRMAN. In figuring this cost, you have not figured hospital equipment, have you?

Gen. MARSHALL. No, sir.

The CHAIRMAN. So that would be additional?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. Can you ascertain how much that is?

Gen. MARSHALL. I can ask for it.

The CHAIRMAN. We would like the same information as to camps as contradistinguished from the cantonments.

Gen. MARSHALL. I will supply that.

National guard camps.

Camps.	Area under lease.	Annual rental.	Total allocation.
Beauregard.....	21,600.00	\$1.00	\$4,300.00
Bowie.....	2,173.21	1.00	3,400.00
Cody.....	17,280.00	1.00	3,800.00
Doniphan.....			2,700.00
Fremont.....	7,203.38	40,160.48	2,450.00
Greene.....	6,734.40	8,700.00	4,300.00
Hancock.....	13,810.97	312.19	6,000.00
Kearney.....	12,720.93		5,800.00
Logan.....	9,460.33	40,387.92	3,300.00
MacArthur.....	2,017.07	13,140.48	4,000.00
McClellan.....			9,800.00
Sevier.....	5,250.00	17,517.56	6,500.00
Shelby.....	5,480.00	1.00	5,400.00
Sheridan.....	7,442.35	8,328.00	3,500.00
Wadsworth.....	16,839.63	35,515.56	4,100.00
Wheeler.....	4,914.60	4,952.00	3,200.00
Total.....	132,926.87	169,027.13	72,700.00

SALVAGING BEDDING AND FURNITURE AT CAMPS AND CANTONMENTS.

Mr. Sisson. Does this \$176,000,000 include the bedding and furniture in the camps?

Gen. MARSHALL. No, sir.

Mr. Sisson. Nothing but the original construction?

Gen. MARSHALL. That is all.

Mr. Sisson. Who has charge of the salvaging of bedding and furniture?

Gen. MARSHALL. The departments under which they come have charge of the disposition of them. The Director of Sales has supervision of all sales, and so on, but generally speaking the department that acquired a thing—

Mr. Sisson (interposing). Will have charge of the salvaging of it.

Gen. MARSHALL. Yes.

Mr. Sisson. Of all the furniture and bedding?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. That means finding out, first, what department or what unit has charge of all these things. Is it practicable, in answering this question, for you to gather from these various units or departments—whatever you may call them—everything touching furniture and so on, and add it to your \$176,000,000? I do not know whether that would be practicable or not.

Gen. MARSHALL. I do not think it would be practicable to get it in time to be of any service to you.

ADVISABILITY OF PURCHASE OF LANDS AT CAMPS AND CANTONMENTS.

(See pp. 1087, 1116, 1122, 1124.)

The CHAIRMAN. You are familiar with the character of construction, with the general layout of these camps, and your division has had more to do with it—in point of fact, all to do with it—from a construction standpoint than anybody else. You presumably know something of the damage that has been done, irrespective of its assessment—but the damage that has been done to property by virtue of the physical changes that you have made in it, either by erecting buildings, building roads, or otherwise. In your judgment, assuming that we wanted to salvage this property, would it be desirable to make an investment, estimated at something like \$9,000,000, in the purchase of the land upon which these cantonments are situated or would you gain as much or more by undertaking to salvage, under the lease conditions that exist or that may have to be entered into for the possession of the land for the next year or so?

Gen. MARSHALL. For the 16 cantonments?

The CHAIRMAN. Yes.

Gen. MARSHALL. For the 16 cantonments I believe it would be distinctly to the advantage of the Government to purchase the land comprised within the building area. I have had a study—or as much as this length of time would permit of such a study being made—made of those and have submitted a report to the Secretary of War on those accordingly. The 16 camps vary. It depends on many conditions, and I have also had a report prepared on these 16 camps, and made recommendations as to which it seemed advisable that the land should be purchased and as to which it did not seem advisable.

The CHAIRMAN. Your idea is that the Government would gain more by investing this \$9,000,000 of additional money than it would by undertaking to salvage, pay damages, etc.?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. What leads you to that conclusion?

Gen. MARSHALL. I am led to that conclusion by the fact that in estimating as to what you could salvage, the propositions are apparently too big for any one to take hold; and when it comes to the assessment of the land damage at the cantonments, that runs into considerable figures. So that unless you have control of the whole situation with respect to them it is difficult to see that the Government is going to do anything but lose.

The CHAIRMAN. How soon, dismissing the question of military need—

Gen. MARSHALL (interposing). I am not talking from that point of view.

The CHAIRMAN. I understand; and dismissing that entirely and assuming that you bought the land, how soon and by what method would you expect to salvage these cantonments and what do you estimate might be procured as an ultimate return to the Treasury?

Gen. MARSHALL. What might be procured as an ultimate return to the Treasury I simply can not state. Each place will have to be handled individually—as to whether you can remove the buildings and get a real estate development company to take hold of these sections; have all of the public service utilities in them and develop them, or whether certain sections of them can be used for manufacturing purposes. Those things will have to be determined at each

place, and we have thought in our office that it would probably take some five years before the Government could clean up on these places. That is about the time we have figured it would take to do it.

The CHAIRMAN. Was your study sufficiently detailed to give you any general figures as to the particular camps?

Gen. MARSHALL. In some instances it was. We took some particular camps and made as detailed a study as we could and then tried to apply those same conclusions to the others. I have had Capt. Case working on that particularly and he is, perhaps, the best informed from the point of view of the real estate value, the damage done, and the leasing conditions that exist at the different places.

The CHAIRMAN. You must have come to some conclusion as to the recovery you would get in the way of salvage if you recommended an additional investment of \$9,000,000?

Gen. MARSHALL. No; we rather came to the conclusion that the leasing conditions and the land-damage conditions amounted to approximately the value of the land itself; that through the acquisition of the land and its subsequent value by reason of these utilities being on there and the Government owning it, it would surely be an asset to the Government rather than to attempt to salvage it at once under the present leasing conditions, and to pay the cost that a hurried salvage would probably mean, and not to own the land and be able to dispose of these utilities with the land.

The CHAIRMAN. You, of course, would expect to get back more than the \$9,000,000 you put in?

Gen. MARSHALL. More than the \$9,000,000, less the estimated land damage.

The CHAIRMAN. But you would expect from all of it to get more than \$9,000,000 back, would you not?

Gen. MARSHALL. Yes; because if the ownership is in one person—the Government—you have an opportunity to dispose of them as a whole, whereas if the Government had these utilities and some one else had the land, you would have no opportunity to dispose of them as a whole.

Col. GUNBY. There is another angle of that which, I believe, is important, that if you own the land—assuming you are simply going to salvage that which you can not find anybody to buy—you can salvage that part of the camp which is profitable, meaning the stoves, plumbing fixtures, and all that kind of thing, and not salvage that part of the camp which is not profitable, which will be very largely the buildings which are already there as structures, but when you take them apart the lumber is cut into such small parts and driven so full of nails that I doubt whether the sale price of the lumber would equal the cost of taking it down and getting it in such shape as to put it on a wagon to sell it. So that while you can not make any definite figures about it, or, at least, we have not—and I do not believe figures could be made, because nobody knows what is going to be the flooded condition of the second-hand market, and any figures that might be made would simply represent a guess. So I believe that one thing alone is going to represent a very large sum of money in or out of the Government's pocket, because if the land continues to be leased you must salvage according to the other fellow's wishes, and the question is whether it would not be better to salvage that part of the camp which will represent

profit and then leave the rest of it to simply rot or stay, or whether it would be better to buy the land outright.

I believe it is pretty nearly true that if we must get off of these camp sites in such a way as to turn the stuff back to the other man that the net salvage from such a camp would probably be negative; in other words, you must take down so much stuff that the cost of taking it down will take away all the profit that there is in it. So that there, I believe, is really where the situation very probably hinges. I made some wild figures on it a little while ago. There are 14 of these camp sites that we do not own, and for about \$700,000 we could purchase each one of those camp sites. The maximum damage claim on those sites is about \$400,000, which we believe—we almost know—we must pay, which leaves a difference of about \$300,000 of additional money if the land were purchased. We have made an investment of something like \$12,000,000 in construction, and our title is not worth anything as long as the other fellow owns the land; he is the boss, and he has what you stand on. So, as I see it, if we spend \$300,000 more we are going to get a clear title to what cost us \$12,000,000. I do not mean that \$12,000,000 is worth \$12,000,000, but it certainly is worth something, although as it stands to-day it is a liability.

Mr. Sisson. Do you not estimate your damages extremely high—about 60 per cent?

Gen. MARSHALL. We have some cases where the claimed damages are greater.

Mr. Sisson. I am not talking about claims, but I am talking about what will finally be recovered. It would be amazing to me if the best land, by putting houses on it, would be damaged by 60 per cent of its value.

Col. GUNBY. You want to realize that we are talking about a little different thing than building houses. We have had several million people passing through these camps, and the buildings are scattered a great deal; and as to the area inside of the camps, I do not believe you will ever be able to make it fit for its original use if you gave it back to the owner and worked on it for five years. I do not believe you would ever be able to make it good farm land.

Mr. Sisson. I do not see to what use you could put the land and make it so valueless. You take an old house site, where they have lived on it for a half century, they can take the house down and put the land in cultivation in a year or two, and it would be the best land you could have.

Col. GUNBY. I saw the land at Camp Meade before a thing was done there, and it looked like the same land we have around home; but the land as it now stands is, in my judgment, unfit for farming purposes. I would prefer to try to make a brickyard out of it rather than a farm.

Mr. Sisson. The concrete sidewalks you have constructed might present some difficulties.

Col. GUNBY. Many of these camp sites have been oiled, and you have pretty nearly a macadam surface there.

Gen. MARSHALL. And we dug them for trench purposes, for the laying of pipes, and things of that sort.

Mr. Sisson. I think you would find some difficulty in convincing a man, unless you had some very abnormal conditions, that the damage

to the land would be 60 per cent of its value. If it is to be used for farm purposes the lumber on the land, that you would perhaps have on the land, could be used for building farm houses, and you would get a great deal of value out of it.

Col. GUNBY. I believe there is enough lumber in one of these camps to build all the farm houses for a whole State.

Mr. Sisson. You might sell him enough lumber out of these buildings to build his farm houses and then have so much left that you would hardly appreciate what has been lost. I happen to know of some mill sites, where a man rents quite a quantity of land for mill sites and lumber yards, and then after 8 or 10 years takes the land back for the buildings that had been put on it. Of course, they get the timber out and then move off. I happen to have a mill site of that kind—not on my own land but on land of a relative of mine—and he was very glad to get the houses for the land after seven or eight years.

Gen. MARSHALL. Camp Sevier is one that I have particularly in mind, and the commanding officer states that the land can be purchased for \$600,000, and that the damages which will accrue by reason of the wood that has been cut and used, the buildings that have been removed, and other things that have happened, as determined by a board of officers, will be at least \$400,000, and that is the way it looks to me.

Col. CHAMBERLAIN. The roads in these camps are very serious things. Take Camp Meade, about which Col. Gunby spoke, and there the roads are all concrete, so that it is going to cost a great deal of money to get those roads up and put the land in good shape, if it is ever going to be possible to do that.

Mr. Sisson. I imagine the most serious damage would come from the concrete roads.

Col. GUNBY. If you could see some of these camps I am sure you would come away with the belief that they would make good brick-yards rather than farms.

Mr. Sisson. I think you would find it difficult to convince a man at all familiar with land that where land is worth \$700,000 the amount to be collected as damage will be \$400,000.

Col. GUNBY. That includes, of course, the damage to property which was there before, and that amounts, as I recall, roughly, I should guess, to one-third of it.

The CHAIRMAN. Sometimes your buildings and improvements represent a very large part of the value of the property as a whole.

Col. GUNBY. Oh, yes, sir.

The CHAIRMAN. And those you will have either to restore or pay for?

Col. GUNBY. Yes, sir.

Mr. Sisson. That would be true as to a small body of land, but that could not be true of twenty or thirty thousand acres.

Gen. MARSHALL. These are 1,000 and 1,200 acre tracts that we are talking about.

Mr. Sisson. Unless you bought your site in a city or little town—

Gen. MARSHALL (interposing). From 500 to 1,200 acres is what we are talking about.

Mr. Sisson. If you had 1,200 acres of land you would not have more than one house to every 30 or 40 acres, even if you had every bit of it under a high state of cultivation.

Gen. MARSHALL. I was thinking along the same lines you are thinking until we received reports from some of these local boards to the amount of claims filed and which were considered by them to be proper.

Mr. Sisson. They must be pretty high and liberal in their allowances.

Col. CHAMBERLIN. The topsoil has been destroyed in these camps to a great extent by concrete and in a great many cases it will be a physical impossibility to restore those camp sites to farm land.

Mr. CANNON. What is the aggregate rent you are paying for these leased lands?

Gen. MARSHALL. I have not the figures, but I can put them in the record. The amount varies in each place. At some places we are paying \$1 a year, at some places \$1 an acre a year, in other places we pay \$10 an acre per year and in some places we pay as much as \$25. During the first year the rent ran as high as \$25 and then subsequently the rental was cut down. [See pp. 1137, 1138.]

Mr. CANNON. You do not know whether the Government intends to keep these cantonments or not?

Gen. MARSHALL. No, sir.

Mr. CANNON. If the Government should keep the cantonments what would be the annual cost of maintenance, 10 per cent or 15 per cent?

Gen. MARSHALL. It would be no more than 10 per cent.

Mr. CANNON. Is 10 per cent a fair estimate?

Gen. MARSHALL. Yes.

Mr. CANNON. And they cost \$179,000,000?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. So that it would take about \$18,000,000 to keep them?

Gen. MARSHALL. Yes, sir.

Mr. CANNON. And you estimate it will take five years to close out?

Gen. MARSHALL. Yes, sir.

The CHAIRMAN. You do not mean 10 per cent for maintenance, however for five years if you are going to close out?

Gen. MARSHALL. Oh, no; I do not mean that.

The CHAIRMAN. It would not take anything if you are going to tear them down.

Gen. MARSHALL. No; because we will be going through a disposal period.

Mr. Sisson. Suppose you buy them and leave them alone without selling them.

Gen. MARSHALL. We are going immediately into a disposal period and it is our whole object to go into a disposal period. Of this something over \$9,000,000 for the purchase of the land you must deduct the claims you might assume will be allowed when you get to the real cost of that land.

FRIDAY, JANUARY 17, 1919.

STATEMENTS OF MR. GILBERT F. WOODS, CHIEF REAL-ESTATE SECTION, WAR DEPARTMENT, AND MAJ. JAMES S. HOLDER.**PURCHASE OF LANDS AND BUILDINGS.****CAMP KNOX, STITHTON, KY.**

(See pp. 1069, 1076, 1115, 1119, 1124, 1133.)

The CHAIRMAN. We wanted to ascertain such exact information as you might have touching the extent of the purchases of real estate that had been made at Camp Knox, Camp Bragg, and Camp Benning, together with the obligations that the Government had incurred and the present status of the situation as it relates to real estate at those various camps. Taking, first, Camp Knox, how much has been spent for land and what land has been acquired there?

Mr. WOODS. My most recent information as to the expenditure at Camp Knox for land shows an expenditure of \$154,444.25.

The CHAIRMAN. For how much land?

Mr. WOODS. I regret that I can not give you the acreage.

The CHAIRMAN. Do you recall about what price per acre you have been paying for that land?

Mr. WOODS. The land so far has cost on an average about \$60 per acre at Camp Knox.

The CHAIRMAN. It was testified by the Assistant Secretary of War, Mr. Crowell, that some \$500,000 worth of acceptances have been entered into, presumably meaning land, the titles to which had been passed, but for which the moneys had not been paid, in addition to the actual payments that have been made.

Mr. WOODS. The formal acceptances, which have been increased somewhat in the last week, amount to \$581,597.33.

The CHAIRMAN. Is that exclusive of what has been bought?

Mr. WOODS. Yes, sir.

The CHAIRMAN. What is the estimate as to the total expenditure that will be needed if all of this land at Camp Knox is acquired?

Mr. WOODS. About \$2,500,000.

The CHAIRMAN. The original estimate that was submitted to Congress and which was not appropriated was for \$1,600,000.

Mr. WOODS. Yes, sir.

The CHAIRMAN. What is the explanation of the increase of nearly \$900,000 in the estimate?

Mr. WOODS. The original estimate was based upon an area of 40,000 acres, which 40,000 acres came to a line within 500 feet of the north line of the town of Stithton, but since that original estimate the line of the camp has been extended south of this established north line and has embraced practically all, if not all, of the town of Stithton and beyond. That is where the increased cost applies, and that is the occasion for the increased appropriation requested.

Mr. CANNON. That amounts in round numbers to what?

Mr. WOODS. \$900,000.

The CHAIRMAN. What is the status of all this land, both the farm land and that in the town of Stithton, as to occupancy by the Gov-

ernment, the removal of tenants or the removal of the owners, the destruction of buildings, etc.?

Mr. WOODS. Of the original 40,000 acres, approximately 10,000 acres have been under lease and used as an artillery firing center for pretty nearly a year. Therefore, the owners within that area moved out long ago, and by reason of its use there has been very substantial destruction that has taken place on the 10,000 acres, both as to buildings and to any timber standing and fences, and some destruction, of course, as to the surface of the land itself. The cultivatable area is naturally grown up in weeds. The owners of a substantial portion of the balance of the area have moved away, they having been notified that the area was going to be required for military uses, and because at the season of the year it was considered prudent on their part.

They were acting upon the advice of the Government's representatives that they established themselves elsewhere in time to undertake to inaugurate this year's crops on lands removed from this area. Now, as to the town of Stithton itself, the constructing quartermaster has practically taken possession of the town. Many of the people have been obliged to move; numerous buildings have been razed, and others have been moved to different locations; that is, they have been moved from the locations in which they stood to other locations. There has been considerable construction of barracks in the town proper.

The CHAIRMAN. When did construction work in the town of Stithton proper start?

Mr. WOODS. I am not informed on that subject, but I should say that it was about last August or September.

The CHAIRMAN. Had it been determined as early as August or September of last year to extend the area of this camp to include the town of Stithton?

Mr. WOODS. I do not know that a deliberate determination was ever arrived at. Like Topsy "it grewed." The constructing quartermaster determined that a building should be put at a given place, and he proceeded to build there. It seems that the line has been advanced by progressive stages without any deliberate boundary being established. I may be in error in these remarks, and the construction division could more properly answer that question than I.

The CHAIRMAN. Assuming that it might be thought desirable not to go forward with the further acquisition of land at Camp Knox, what monies would it cost the Government to settle the claims that might exist in connection with its occupancy of the land, etc.?

Mr. WOODS. It would take a very careful survey to answer that question with any definiteness. I would estimate that the claims for damages that would arise from the use and occupancy of the land on the part of the Government would approximate at least \$1,000,000.

The CHAIRMAN. Having in mind the surrender of all the land that has been acquired?

Mr. WOODS. Exactly; yes, sir.

The CHAIRMAN. To what extent is the Government obligated to purchase land there?

Mr. WOODS. Outside of its moral obligations, I doubt if any obligations exist.

The CHAIRMAN. How about this \$500,000 worth of acceptances?

Mr. WOODS. I make that statement upon the fact that I dimly recall having seen a statement issued by the Judge Advocate General's office that acceptances of this broad and general character are not binding obligations upon the Government.

The CHAIRMAN. So it is your impression that, from the standpoint of strict legality, the Government is not obligated to purchase any land that it has not actually purchased?

Mr. WOODS. That is a legal question that I should not presume to pass upon, but that is the impression that I now entertain.

The CHAIRMAN. To what extent would it be possible for the farmer occupants of this land to return to the land? How many people does it affect?

Mr. WOODS. The estimate of our field representative is that there are somewhere between four and five hundred families in the range, not including the town of Stithton, of whom, at least one-half have moved away or have made definite arrangements to move.

The CHAIRMAN. Have those who have not moved been damaged in any particular?

Mr. WOODS. Probably not, excepting as their plans may have been modified, and they might assert claims on that ground.

The CHAIRMAN. To what extent has the property been injured?

Mr. WOODS. I believe that the improvements on the 10,000 acres that were under lease and used as a firing center have practically all been demolished. There has been some destruction wrought on the balance of the area, and in the town of Stithton itself a very substantial number of buildings have been torn down and others moved and used by the Construction Division of the War Department.

The CHAIRMAN. You estimate that it would cost \$1,000,000 to adjust the claims?

Mr. WOODS. Yes, sir.

The CHAIRMAN. What have you been getting this land for—at an apparently fair price, or have the prices been pushed up on you as a result of the Government's coming in?

Mr. WOODS. I regard the prices as rather excessive.

The CHAIRMAN. Does that apply to farm lands and the town property as well?

Mr. WOODS. It applies more particularly to the area outside of the town of Stithton, but it applies to the entire area to a considerable extent.

The CHAIRMAN. To what extent do you think there has been overvaluation?

Mr. WOODS. My opinion is that the owners have been asking at least 50 per cent more than their property would have sold for prior to the time the Government indicated its desire to locate a camp at that point.

The CHAIRMAN. Have you been paying those prices?

Mr. WOODS. No, sir.

The CHAIRMAN. What have you been paying as compared with the real value of the property?

Mr. WOODS. It has been our most diligent effort to buy the property at approximately its cash market value.

The CHAIRMAN. In estimating this cost of \$2,500,000 for the property, is that estimate predicated upon buying the property at what it is really worth, or is it upon the basis of what is being asked?

Mr. WOODS. It is on the basis of its fair reasonable market value.

The CHAIRMAN. How are you getting the land at its fair value, if they are asking more than it is worth?

Mr. WOODS. We are having the values fixed by an appraisal committee and are using that as a basis for the negotiations. In no instance have we paid beyond the price established by this appraisal committee.

The CHAIRMAN. So that you think that what you have bought you have bought at its fair value?

Mr. WOODS. Yes, sir.

The CHAIRMAN. You have actually bought \$160,000 worth?

Mr. WOODS. About \$155,000 worth.

The CHAIRMAN. Assuming that you continue making purchases, when would you expect to complete the acquisition of this land?

Mr. WOODS. Except as to those parcels that may have defective titles and some other isolated cases, we should be through there by the 1st of April.

The CHAIRMAN. The titles to how much of the property have been examined?

Mr. WOODS. I am advised that the title examination is well nigh completed.

The CHAIRMAN. Who pays for the title examinations?

Mr. WOODS. The owners of the property.

The CHAIRMAN. They are required to give a good title to the Government?

Mr. WOODS. Yes, sir.

The CHAIRMAN. Is that figured in connection with the compensation at all—that is, the expense that they are put to?

Mr. WOODS. The price is agreed upon for the purchase of the property, and the burden is placed upon the owner to produce satisfactory evidence of title, which evidence is in the form of an opinion of the title supported by the guarantee policy of two financially responsible title companies, and their fees are paid by the landowner. I do not know that in the negotiations the question of the fee for the title policy arises at all.

The CHAIRMAN. If this land, consisting of 40,000 acres, is worth \$2,500,000, with only 10,000 acres of it having been chiefly occupied for firing purposes, what makes you estimate the damage at \$1,000,000?

Mr. WOODS. I do not want that estimate to be regarded as an estimate of mine, except that it is my belief that claims for damages would be filed aggregating an amount equivalent to \$1,000,000, which claims would be based upon the destruction of buildings, the occupancy of land, the crop damages that have taken place, and the claims that would be asserted alleged to grow out of the depreciated market value received by the farmers who have moved away for the personal property and live stock that they felt themselves called upon to sell; and no doubt there would be claims filed by various landowners alleging that this change of mode of life had upset their crop plans for at least one season.

The CHAIRMAN. When you buy, do you also pay rental for the use of the land up to the date when you make payment?

Mr. WOODS. On the 10,000 acres?

The CHAIRMAN. No. Most of your buying has not been in connection with the 10,000 acres, has it?

Mr. WOODS. There have been no rental obligations so far as I know outside of the 10,000 acres originally leased.

The CHAIRMAN. Presumably, you have occupied some of the land considerably longer, or at a period considerably earlier than that at which the actual purchase was made.

Mr. WOODS. Yes, sir.

The CHAIRMAN. Do you make any payment except the purchase price in such cases?

Mr. WOODS. None that I know of. The value of the property is established at the time the Government takes possession, and that is the basis of the settlement.

The CHAIRMAN. They are not allowed interest due to the delay in payments?

Mr. WOODS. No, sir.

The CHAIRMAN. If, however, the property was not bought, it is your idea that the rental value over the period that it had been in the Government's possession would be charged and have to be paid?

Mr. WOODS. Yes, sir.

Mr. CANNON. This land outside of the town of Stithton amounts how much?

Mr. WOODS. The original area was said to contain 40,000 acres.

Mr. CANNON. I am speaking of the cost.

Mr. WOODS. This appropriation for the area outside of Stithton was \$1,600,000.

The CHAIRMAN. You mean by "appropriation" the amount that was estimated?

Mr. WOODS. Yes, sir; the estimated cost.

Mr. CANNON. And you are able to acquire that property itself, or an agreement to convey the same, out of the \$1,600,000?

Mr. WOODS. I think it will amount to just about that figure.

Mr. CANNON. Then you want the other \$900,000 to purchase the property at Stithton?

Mr. WOODS. The property at Stithton and some also beyond Stithton is called the Stithton area, because it was not included in the original 40,000 acres.

Mr. CANNON. What is the area of Stithton proper?

Mr. WOODS. Stithton has a population of about six or seven hundred and embraces an area of approximately a square mile, I should say.

Mr. CANNON. How much is outside of that area that you call the Stithton area, or how much is adjacent thereto?

Mr. WOODS. The lines have not been definitely determined, but I should say somewhere from three to five thousand acres, perhaps.

Mr. CANNON. And the price of that is in addition to the \$1,600,000?

Mr. WOODS. Yes, sir.

Mr. CANNON. What did you pay for Stithton, or how much of Stithton have you bought?

Mr. WOODS. None of Stithton has been bought.

Mr. CANNON. It is not on the market, is it? Do you propose to purchase the site of Stithton, or will you purchase that property?

Mr. WOODS. Yes, sir; we are requested to do so.

Mr. CANNON. Inside of the boundaries of Stithton? There is no moral obligation to take it, is there?

Mr. WOODS. The War Department has taken possession of a considerable part of the area of Stithton itself. It has moved a number of buildings and occupied others in Stithton.

Mr. CANNON. Will you continue to hold it?

Mr. WOODS. It appears that the major portion or all of the town of Stithton will be required.

Mr. CANNON. As I understand it, this is a little town of 600 people, and the bare fact of the location of the camp there bulls the price of the property in Stithton proper, does it not?

Mr. WOODS. Yes, sir.

Mr. CANNON. Presumably it is a valuable proposition from the standpoint of profit to the people who retain property in the town of Stithton proper. Is that taken into consideration when you are going to buy?

Mr. WOODS. I do not know that anyone will be permitted to continue in the ownership of property within the area of the camp site, which area, as it is now projected, or as I understand it, embraces substantially all of the town of Stithton.

Mr. CANNON. But the property you have not acquired?

Mr. WOODS. No, sir; we have not bought or paid for any in the town of Stithton.

Mr. CANNON. Have you any estimate of how much that is to cost?

Mr. WOODS. I have not.

The CHAIRMAN. Did you not have an estimate? You say you did not have an estimate, but did not somebody make an estimate in arriving at that figure of \$2,500,000, so as to include what they thought would be the cost of acquiring the property in Stithton?

Mr. WOODS. I have no doubt they did. This estimate was made before my day. That is why I am not able to testify definitely on that point.

Maj. HOLDEN. When the estimate was made up, including the \$900,000, my impression is that it was to include about \$600,000 for Stithton property, or property in the town. The town of Stithton has a big mill and an electric light plant, which were involved in that. Then, I think that Mr. Woods is a trifle mistaken about the original estimate. I think the original estimate of \$1,600,000 was a little low. I think it was \$100,000 or more too low. There was an apparent shortage of \$100,000 or more in the first estimate.

Mr. CANNON. As to the other 5,000 acres, is it necessary to take that, too?

Maj. HOLDEN. I might explain this much further: The head of the department is supposed to pick out the area that is required, and the real estate department has nothing to do with the selection of the site or the area. It is our function to go and buy the property at the right prices. That is why we can not answer as to just why they want it out there on this area that you speak of around Stithton. When I was down there there was a big hospital on this area south of Stithton, and they were making the town of Stithton the center of the whole camp or the center of the activities.

Mr. CANNON. Are we to understand that this entire area averaged all the way through \$60 an acre?

Mr. WOODS. No, sir; the original estimate on 40,000 acres was \$40 an acre. Some of it has been bought at a price exceeding \$40 an acre and some for less than \$40, but only a limited area has thus far been bought. The average of the purchases to date is about \$60 an acre.

Mr. CANNON. How much has not yet been purchased?

Mr. WOODS. The expenditure to date is about \$155,000, so that necessarily represents a very small area.

Mr. WOODS. There have been no rental obligations so far as I know outside of the 10,000 acres originally leased.

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Mr. CANNON. How much has not yet been purchased?

Mr. WOODS. The expenditure to date is about \$155,000, so that necessarily represents a very small area.

The CHAIRMAN. Assuming there were 45,000 acres, at \$2,500, that would be \$55.50 per acre, would it not?

Mr. WOODS. Yes.

Mr. CANNON. You say you have expended \$155,000; have contracts been made, verbal or otherwise, for the balance of this property?

Mr. WOODS. No, sir.

Mr. CANNON. Then you do not know what you will have to pay for that?

Mr. WOODS. Not as represented by contracts; no, sir. It is an estimate of what is considered the fair, reasonable value, and the probable cost.

Mr. CANNON. Suppose they will not part with the property for less than \$100 an acre, what then?

Mr. WOODS. The Government possesses the right to condemn and acquire it at what is established as its fair market value.

Mr. CANNON. The fair market value before this property was taken or after it was taken?

Mr. WOODS. The fair market value of the property at the time the Government took it.

Mr. CANNON. So you do not know whether there are verbal contracts or written contracts for the great bulk of this property?

Mr. WOODS. Contracts have not been entered into at all for the purchase of the property. The owners are invited to indicate the prices they are willing to accept, and when a price has been reached by negotiations which is within the appraisal made by a competent appraisal committee composed of local citizens the owner is invited to prepare his deed, and a check is written for that amount.

Mr. CANNON. Now, this appraisal has been made on the whole of it?

Mr. WOODS. No, sir; it is in progress. Part of it has been appraised but that has not been completed.

Mr. CANNON. Then you do not know what it is to cost?

Mr. WOODS. No, sir; not definitely in the terms you require.

Mr. CANNON. If it can not be bought at the appraisal, then you would condemn?

Mr. WOODS. Yes, sir.

The CHAIRMAN. How much of it has been appraised?

Mr. WOODS. I would have to estimate that. I do not know definitely.

The CHAIRMAN. Well, give us your best idea.

Mr. WOODS. I think about 40 or 50 per cent.

The CHAIRMAN. Has enough of it been appraised to give you a pretty accurate idea as to the value of the remainder? Manifestly, you might have appraised just in one part or you might have surveyed enough and appraised enough of different portions of the land to have a pretty accurate idea of the value of the entire tract.

Mr. WOODS. The appraisals have been made in different localities, and it is believed that the increased estimate will pay for the entire area.

The CHAIRMAN. Is the Government in possession of all the property?

Mr. WOODS. No, sir; not in physical possession, but all the owners have been given to understand that the Government will require it, and to that extent they may be considered in possession.

The CHAIRMAN. The owners are being left there as a matter of sufferance?

Mr. WOODS. Yes, sir.

The CHAIRMAN. Have you ever visited this property?

Mr. WOODS. Yes, sir.

Mr. Sisson. Mr. Woods, you say you will buy from three to five thousand acres in the Stithton division, we will call it?

Mr. WOODS. I think it will run something like that.

Mr. Sisson. Is it nearer three or five?

Mr. WOODS. The reason I can not answer definitely is because the line, so far as my knowledge goes, has never been definitely established by the Artillery.

Mr. Sisson. It was estimated that the first 40,000 acres could be bought for \$1,600,000.

Mr. WOODS. Yes, sir.

Mr. Sisson. Now, if you get only 3,000 acres more you are paying \$300 an acre for the remaining 3,000 acres in the Stithton Division.

Mr. WOODS. That includes the town of Stithton.

Mr. Sisson. It does not matter, because when you buy the town you are simply buying land for a training camp.

Mr. WOODS. Yes.

Mr. Sisson. And if you estimate the Stithton land at 5,000 acres, it would be \$180 an acre.

Mr. WOODS. Yes, sir.

Mr. Sisson. And you say it is a village of 600 people?

Mr. WOODS. Something like that. I do not know what a census would show.

Mr. Sisson. Is there any reason known to you why the Artillery officers should have taken that village at this enormous cost instead of going in some other direction?

Mr. WOODS. There are perhaps military reasons that I would not assume to pass upon.

Mr. Sisson. In settling up with these people who live in the town suppose there is a man who has a reasonably good home and another man having a store, you will have to take into consideration the loss of his business and the loss of his residence, would you not?

Mr. WOODS. No; this property is bought on the basis of its actual physical value at the time it is required.

Mr. Sisson. Do you mean to tell me that the Government is going to go with its strong arm and take a man's store away from him and take away his goods where he has an established business and not allow him anything for that?

Mr. WOODS. His business does not attach in the value of the property which the Government takes away from him.

Mr. Sisson. I do not imagine you are going to do that or that the Government would do that; that is, would go and take a man's property against his will where he has, perhaps not a large business, but an established business with his family located there. I do not imagine you are going to take his property simply for its physical value. You would not take his goods.

Mr. WOODS. No; he takes those with him.

Mr. Sisson. But you do destroy his business. Of course, I do not mean to say that you are at all responsible for that condition because you are simply doing what the Army has agreed upon; but in fixing values there, it looks as if they might have taken that into consideration. I do not know the situation, but if they actually needed a few

acres more in addition to the 40,000 acres it seems to me they could have secured them for less than \$300 an acre or \$180 an acre.

Mr. WOODS. As we have indicated before, the real estate section is required to buy the land that is designated for use by the Army. We have nothing to do with its selection.

Mr. Sisson. Suppose we were to cut out the \$900,000 and you were to acquire the other land, the 40,000 acres, what would be lost to the Government then? Have you put any improvements on this Stithton land?

Mr. WOODS. As I understand it, the substantial portion of the construction has been located upon what we are indicating as to Stithton area, being the area outside of the 40,000 acres.

Mr. Sisson. For the officers' quarters?

Mr. WOODS. Not only for officers' quarters but the whole barracks.

Mr. Sisson. Is that mingled with what is left of the town so as not to disturb it? They are still doing business there?

Mr. WOODS. It is not mingled, it has encroached upon them and caused the buildings to be torn down and moved away.

Mr. Sisson. Would what is left of the town of Stithton be left just as it is?

Mr. WOODS. I can not say how much of the area, if any, will be left after the barracks as projected may have been completed. We have nothing to do with the construction program and that is the reason I am unable to give you definite answers to the questions as propounded.

The CHAIRMAN. Do you know whether there is any town left in the sense that a town was there before, or has the Government absorbed the town in its own activities?

Mr. WOODS. I think the Government has absorbed or will have absorbed the entire area when the camp is completed as planned.

Mr. Sisson. That still does not answer the question. How much have they absorbed now in actual building?

Mr. WOODS. I can not answer the question with any definiteness.

Mr. CANNON. As I understand it, your orders were to buy the whole of Stithton.

Mr. WOODS. We have not had specific orders so far as Stithton is concerned, but from time to time the constructing quartermaster has requested the field representative of the real estate section located at Stithton to obtain this, that, or the other property, as he designates it, and the field representative has gone and undertaken to negotiate for that property, and those negotiations have spread here and there throughout the village and out and beyond it.

Mr. Sisson. Have you only put buildings on what land you have purchased?

Mr. WOODS. I understand there are buildings on areas that have not been bought and paid for.

Mr. Sisson. And not condemned?

Mr. WOODS. And not condemned.

CAMP BRAGG, FAYETTEVILLE, N. C.

(See pp. 1069, 1083, 1115, 1119, 1124, 1133.)

The CHAIRMAN. What is the situation in regard to purchases and acceptances and obligations touching the procurement of land at Camp Bragg?

Mr. WOODS. The actual purchases at Camp Bragg exclusive of what may have happened in the last three or four days represents \$33,607.

The CHAIRMAN. What are the acceptances there?

Mr. WOODS. \$48,360.

Mr. CANNON. What is the total area to cost?

Mr. WOODS. The estimated cost of the total area is \$1,500,000.

Mr. CANNON. That is about how much per acre?

Mr. WOODS. About \$11.

Mr. CANNON. Is it worth that much?

Mr. WOODS. Most of the landowners think it is worth a great deal more.

Mr. CANNON. To what extent have you dispossessed people there?

Mr. WOODS. A petition in condemnation has been filed covering about 8,000 acres, which area embraces all of the sites, possession of which has been required, representing perhaps 25 or 30 families.

Mr. CANNON. How many acres in the Fayetteville project?

Mr. WOODS. About 135,000 acres.

Mr. CANNON. Have you been down there?

Mr. WOODS. Yes, sir.

Mr. CANNON. When it is all settled up and you take that 135,000 acres, what is your estimate now, as near as you can get at it, of what it is going to cost where you settle by agreement, where you can, and by condemnation where you can not settle by agreement. You are condemning there, are you not?

Mr. WOODS. That petition in condemnation was filed on the 8,000 acres that was immediately required for the construction of the camp proper, and that petition was filed in order that immediate possession might be had if it became necessary to resort to legal process to obtain possession. I think the entire area will be brought within the appropriation of \$1,500,000.

Mr. SISSON. Is there any railroad on this land?

Mr. WOODS. No, sir; it borders the eastern end of the camp site.

The CHAIRMAN. What could the Government get out of Camp Bragg in the way of settlement if it did not desire to go forward?

Mr. WOODS. An estimate of that character can only be made with any degree of accuracy by making an exact and detailed survey, but my offhand estimate would be that if the Government or War Department undertook to retire from the area now it would be confronted with damage claims aggregating, perhaps, from \$400,000 to \$500,000. Just what sort of settlement might be made in compromising those claims, I would not undertake to say.

Mr. EAGAN. Do you know the extent to which we would have to pay rent?

Mr. WOODS. I have rent in mind in the figure that I have given.

CAMP BENNING, GA.

(See pp. 1069, 1085, 1115, 1133.)

The CHAIRMAN. Now, at Camp Benning, what has been done there in the way of land?

Mr. WOODS. At Camp Benning the expenditures for land aggregate \$29,818.75 and the acceptances are \$118,975.75.

The CHAIRMAN. What is it contemplated that the land would cost if the project was carried out?

Mr. WOODS. The estimated cost at Camp Benning, as I now recall was \$3,500,000 for an area of about 115,000 acres.

Mr. CANNON. At how much per acre?

Maj. HOLDEN. About \$30 per acre, roughly.

The CHAIRMAN. What do you estimate that it would cost the Government to get out of that area?

Mr. WOODS. Probably from three to four hundred thousand dollars.

Mr. CANNON. You have not much in the way of construction there, have you?

Mr. WOODS. There is a substantial amount of construction, but not the amount that has been done at either Bragg or Knox.

Mr. CANNON. The construction has been largely in the matter of a railroad, has it not?

Mr. WOODS. They have some barracks and buildings completed, and there are some under construction.

Maj. HOLDEN. I think that Mr. Cannon's statement about this particular project is more or less correct, and that the building of a railroad was the big expenditure there.

THURSDAY, JANUARY 16, 1919.

NAVAL ACADEMY.

STATEMENT OF COMMANDER A. S. KIBBEE.

MAINTENANCE AND REPAIR.

The CHAIRMAN. There was submitted a deficiency appropriation for \$75,000 for the Naval Academy. You have had for this particular item, according to my memorandum, \$557,000.

Commander KIBBEE. That is correct.

The CHAIRMAN. How much of it have you expended as of any given date you may have?

Commander KIBBEE. I have not the exact figures up to this present date, but up until the 1st of January, as I recollect it, there is \$240,000 still remaining of that fund. During the first six months of the year very large expenditures have been made in the purchase of furniture for two new wings in Bancroft Hall, which required about \$75,000 worth of furniture. The greater part of this had been taken out up to the 1st of January.

The CHAIRMAN. What is the basis of this deficiency?

Commander KIBBEE. On the 11th of November, 1918, the Navy Department issued a circular letter increasing the wages of all mechanics and laborers, with the exception of clerks and the supervisory force. This increase made an addition of approximately \$7,000 or \$8,000 a month to the Naval Academy pay roll. This increase in the wages of the mechanics and laborers created a condition whereby the supervisory force received less compensation than the men under it, and this is the case in several instances at present. The circular letter did not increase the compensation of the super-

visory force, but later a letter was received from the Navy Department asking for recommendations for an appropriate increase in the pay of the supervisory force to meet the increase in wages. For the increase in wages and the increase that will come in the pay of the supervisory force within the next few weeks more than \$75,000 will have to be used.

The CHAIRMAN. What is your monthly pay roll?

Commander KIBBEE. The monthly pay roll for December was approximately \$33,000, exclusive of the supervisory force.

The CHAIRMAN. And what is that pay roll, and is it paid out of this fund?

Commander KIBBEE. This increase in the supervisory force will have to come out of this fund as far as possible.

The CHAIRMAN. Where does it usually come from?

Commander KIBBEE. There was an emergency appropriation of \$100,000 allotted to the Naval Academy, due to the increase in the number of midshipmen sent to the Naval Academy when the war began, and at the present time the supervisory force is being paid out of this emergency appropriation.

The CHAIRMAN. Why have you such a large force there?

Commander KIBBEE. The Naval Academy operating and repair force consists of a power plant developing about 4,000 horsepower, and this power plant distributes its electric power, steam power, salt-water fire service, fresh-water system, hot-water systems, and compressed-air systems throughout the yard and the outlying buildings in the yard; that alone necessitates a force of about 120 men. The aborers' gang, which includes men for handling material of all description, the care of roads, and the usual care of grounds, stock, and machinery, such as wagons, carts, lawn mowers, and cleaning machinery, requires a force of about 75 men.

The painters, who must care for approximately \$20,000,000 worth of buildings, comprise a force of perhaps between 15 and 20 men. There is a large amount of deterioration in the quarters, in the dormitories, and public buildings, which requires repairs by the carpenters and masons. There are continual breakages, casualties, and the usual amount of upkeep required in a large institution taking care of approximately 3,500 or 4,000 individuals.

The CHAIRMAN. How much money did you have and expend for these purposes last year?

Commander KIBBEE. I am not prepared offhand to say how much was, but the appropriation for the purposes in question last year was \$507,000. Some \$54,000 or \$55,000 of this was set aside for the purchase of new furniture for the new wings in Bancroft Hall, which is the dormitory building for the midshipmen. The very large increases in the value of material made it necessary to spend something over \$75,000 for this same furniture, and the large amount of material that must be used in repairs and preservation also went up in value, necessitating the expenditure of more moneys than could be estimated upon when the original estimates were made.

The CHAIRMAN. Are you not reducing your force because you have not quite the load that you had during war times, have you?

Commander KIBBEE. On the contrary, the load is becoming heavier, due to the fact that the new wings of Bancroft Hall which cost approximately \$2,000,000, are coming into commission; the

number of midshipmen in the last year has been doubled, and it seems to be the policy from now on not to decrease the number of midshipmen at the Naval Academy but to further increase the number; so that the mere fact of the armistice being signed has no bearing on the expenditures that must take place when these new buildings come into commission. The placing of these buildings in commission alone, I find, makes a great many unforeseen expenditures, which it is hoped will be standardized when the buildings have been running for several months.

The CHAIRMAN. How much do you expect to pay this supervisory force over and above what you have been paying that force?

Commander KIBBEE. About \$4,000.

The CHAIRMAN. You mean for the balance of the year?

Commander KIBBEE. No; about \$4,000 a year.

The CHAIRMAN. Are you able to state how much your monthly roll has increased, touching your laborers and others, by virtue of the order of November 11?

Commander KIBBEE. Between \$8,000 and \$10,000, depending upon the number of men it is necessary to keep on the roll, which is controlled by the emergency work that develops from month to month. For instance, in the last month the coal-handling plant collapsed entirely, making it necessary to put a large force of mechanics on this plant, to buy timber in great haste, and pay men overtime for the completion of the repairs to this coal-hoisting apparatus, in order that the plant should not shut down. There is a bunker in the top of the power plant which carried the coal load until this derrick could be placed in commission again. If such repairs were not made hurriedly it is quite possible that the coal stored in the top of the power plant would give out before the repairs were completed, which, of course, would be a calamity for the institution. In making new connections in the power plant in the last month it was necessary to disconnect the Naval Academy waterworks and connect up with the city waterworks. This particular connection involved the filling of a set of large filters with mud. As the filtering plant at the Naval Academy is too small for the service it is required to perform, expensive emergency repairs have had to be made to this plant.

The CHAIRMAN. But are not those the usual things that are to be expected in connection with any sort of an institution? What I think the committee is interested in knowing is whether there is any effort being made to curtail expenditures at the academy, or whether you are running along and doing whatever you think it is desirable to do without regard to the increase that may be brought about in appropriations.

Commander KIBBEE. In referring to the superintendent's letter to the Navy Department asking for the appropriation, paragraph 3 states that the estimate is made to cover the necessary operation only and does not include any extensive repairs. As a matter of fact, since the war has been on every effort has been made to curtail the expenses at the Naval Academy; and to such an extent that the plaster is falling in many buildings; this is not being repaired due to the fact that the department has urged economies in operation. Many of the public buildings are now in poor condition, due to the fact that economies have been exercised; the roads are muddy and

in many places almost impassable, due to the fact that economies have been exercised.

The CHAIRMAN. Those statements are rather surprising, in view of the very large amount of money you have had to expend and have expended. We thought we had more than furnished you enough for maintenance.

Commander KIBBEE. It can be seen from the expenditures that have been made in the construction of Bancroft Hall that the maintenance charges have really been kept to a minimum.

The CHAIRMAN. There ought not to be very much expense in new buildings.

Commander KIBBEE. The new buildings at the present time seem to be more expensive than the old buildings, due to the fact that many unforeseen fittings have to be placed.

The CHAIRMAN. Is not that due to the fact that you relieved the contractors of their job earlier than you should, and you have to do a lot of things they ought to have done in the way of repairs?

Commander KIBBEE. I believe not, because nearly all new work requires following up, and the original contracts have failed to provide for many of the so-called incidentals that this small maintenance fund must provide. The commissary alone, for such a large number of midshipmen, requires constant and expensive attention.

The CHAIRMAN. I wish you would put in the record a statement showing your maintenance force and your general expenditures for the past couple of years under this item of maintenance and repair, together with your estimated expenditure for the balance of this year.

Fiscal year 1917,

Number of employees.....	270
Number of midshipmen.....	1,231
Amount expended.....	\$339,252.19

Fiscal year 1918.

Number of employees.....	310
Number of midshipmen.....	1,455
Number of reserve officers under instruction.....	300
Amount expended.....	\$523,367.11

Fiscal year 1919.

Number of employees.....	375
Number of midshipmen.....	2,200
Number of reserve officers under instruction, 450; during summer.....	900
Amount expended first 6 months.....	\$329,000
Balance of appropriation (1919).....	\$241,000

MONDAY, DECEMBER 16, 1918.

GILLESPIE LOADING CO., MORGAN, N. J.

STATEMENT OF COL. CHARLES H. TENNEY.

INVESTIGATION OF DAMAGES CAUSED BY EXPLOSION.

(See p. 1165.)

Mr. EAGAN. Colonel, you have made a survey, to some extent, of the damages caused by the explosion at Morgan, N. J.?

Col. TENNEY. Yes; on the property end.

Mr. EAGAN. That is, damages to private property?

Col. TENNEY. Yes, sir.

Mr. EAGAN. To what extent have you completed your investigations?

Col. TENNEY. We have had 9,000 claims filed and we have investigated about 2,500 of them.

Mr. EAGAN. And about what money is covered in those 2,500?

Col. TENNEY. They are 2,500 of the small claims and they aggregate about \$250,000; the larger claims will run on an average, we think, of about \$400; that is, for the 9,000.

Mr. EAGAN. And those already investigated run about \$100?

Col. TENNEY. Yes, sir.

Mr. EAGAN. How long do you anticipate it will take to complete the survey?

Col. TENNEY. It will take until at least the middle of February. Although the bill under which we are acting calls for a report to the Secretary of War by the 6th of January.

Mr. EAGAN. Sixty days from the passage of the act?

Col. TENNEY. Yes; and we will have that report ready. We have now stopped taking any more claims; in fact, they are practically all in. As a matter of fact we are receiving them, but we have told the people we would not receive any more. There has been some delay by sickness, mail delays, and other causes. We will start this week and make a report to the Secretary of War and have it in his hands by the 6th of January to report to Congress. At that time we figure we will have surveyed and investigated all but one-half the claims, so that if we are to continue until they are all investigated it will take to the 15th of February.

CHARACTER OF CLAIMS.

Mr. EAGAN. What will be the character of those claims?

Col. TENNEY. They are all of the same kind but are scattered over a pretty big area, even as far as Flushing, Long Island. It involves a visit by an inspector to the place to see what the damage looks like, to interview the witnesses, etc., and it takes a good deal of time. Of course, the very small people are the ones who came in first.

Mr. EAGAN. You say that \$400 will be about the average for the large claims?

Col. TENNEY. Yes; some of the property has been pretty badly destroyed, and I think the largest claim we have is about \$60,000.

Mr. EAGAN. What was that?

Col. TENNEY. That was a brass company in Perth Amboy; a copper or brass company, I do not know which; but it was located in Perth Amboy.

Mr. EAGAN. Your preliminary report refers to the damage done to the Polish Catholic Church of South Amboy.

Col. TENNEY. Yes, sir; that is another large one which we have.

Mr. EAGAN. Was there not another church damaged there?

Col. TENNEY. Yes; the Methodist Church.

Mr. EAGAN. And the Presbyterian Church?

Col. TENNEY. Yes; and then there was a very large residence on a hill that was all blown to pieces and everything in it.

Mr. EAGAN. You have not completed your examination of those larger items?

Col. TENNEY. No; not of those larger items. We have engineers and architects on those matters, but they have not sent in their reports.

Mr. EAGAN. What are the general conditions there? How many people are still out of their homes?

Col. TENNEY. A great many of the people are suffering because they have nothing. They are living, in some cases, in patched-up houses; the windows and plastering are all gone, the ceilings have fallen in, and they have put tarred paper up and some glass in the windows; but the walls are cracked and leak air at every point. There is just as much suffering as anything you could conceive.

Mr. EAGAN. A good deal of that territory is pretty bleak country?

Col. TENNEY. Yes, sir.

Mr. EAGAN. As it is along the coast?

Col. TENNEY. Yes, sir; it is a very cold and damp place; the stretch of territory is very large and the people are poor people. It is not a rich community. We have many pitiful tales coming to us.

Mr. EAGAN. How many people were killed in the explosion?

Col. TENNEY. Not figuring the employees of the company, on which we did not get figures, the Red Cross figured out that there were 30 killed and that about 15 or 20 were injured.

Mr. EAGAN. Exclusive of the employees of the Gillespie Co.?

Col. TENNEY. Yes, sir. A great many of the people were moved out of their houses farther away, so as to get rid of the shells that were flying through the town.

Mr. EAGAN. You have not investigated any of those claims as yet?

Col. TENNEY. No; that was not mentioned in the bill under which we are acting; it only said property loss. We figure that we will have by the 6th of January pretty close to \$1,500,000 proved up by inspectors. Of course, we have the claims made on a legal form prepared by attorneys; it is sworn to by the claimant and by witnesses and then an investigation is made. We will have about \$1,500,000 proved up by January.

PRELIMINARY ESTIMATE.

Mr. EAGAN. Your preliminary estimates show the total of claims to be \$3,290,000.

Col. TENNEY. Yes; that is the estimate.

Mr. EAGAN. Do you think it will reach that amount?

Col. TENNEY. I think it will; yes.

The CHAIRMAN. Colonel, the claims that have been considered and are being considered are claims for property actually destroyed?

Col. TENNEY. Yes, sir.

The CHAIRMAN. What method have you taken to check the claims and to ascertain their validity and whether the damage resulted from this explosion?

Col. TENNEY. We have prepared a form, which I will leave with you.

The CHAIRMAN. We will put it in the record.

Col. TENNEY. The form requires the claimant to write a letter to the Gillespie Loading Co. board to settle damages; it gives the property, a full description, it provides for a statement as to the structural damages, and places are left for a statement of all kinds

of property damage; then it is followed by a waiver on the part of the claimant for other compensation; in other words, that it is the entire loss; the claim is sworn to before a notary and affidavits of three disinterested persons must be filed.

Then that claim is turned over to our inspectors, of whom we have 10, and they go and inspect the property; talk with the neighbors; if the property is entirely destroyed, and get all the facts obtained. In most cases, however, it is a loss of plastering or paper, by reason of broken water pipes in the house, and we have established a price for plastering at so much a yard, and in this way we get a complete report of the whole damage. Then the claim is considered by one of the members of the board, who is there all the time, and if the inspector's figures and the claimant's figures do not agree, the claimant is sent for and a hearing is given. Then the claimant is told that we can not allow any such figure for repairs or we object to such and such figure on furniture and bric-a-brac that may have been destroyed, and we agree if possible with the claimant. So far we have had nobody object to our method and they have all agreed. (The form referred to follows:)

CLAIM No.

To the board to determine losses to property owners occasioned by explosion at T. A. Gillespie Loading Co. Appointed by order of the Secretary of War in accordance with act of Congress approved November —, 1918.

Proof of loss to property at or at
(Street, No. and name.) (City.) (State.) (Township.)

(Section.) (Range.) (County.)

NOTE.—Only schedule loss on one piece of property on each claim.

Owned by
(Name of owner.) (Address.)

GENTLEMEN: I hereby submit the following schedule of damages to my property as above named by virtue of an explosion at the T. A. Gillespie loading plant of Morgan, N. J., on Saturday October 5, 1918. Each and every item set forth was directly occasioned by the said explosion.

The damages are (state in lines below, for each item of claim itself, information as follows, in order as follows, numbering each item: (a) Name of article; (b) material made of; (c) brief statement of size, quality, and other facts to indicate value; of your opinion of cost to replace at present market price of labor and material; (d) amount you will accept as equitable settlement in full from the United States for this article):

.....
Structural damages (in addition to damages above named there were damages to the building itself as follows):

(Damages that can not be described in the above space should be placed on extra sheets and pasted to the claim.)

Items of damage No. to have already been repaired. Attached hereto are receipted expense bills to substantiate these payments, marked "Exhibits No. to"

Items of damage No. to are still unrepaired. Attached hereto as Exhibits No. to are estimates of contractors showing costs to replace such losses. Appended to this claim are sworn statements of such contractors that the amounts estimated by them are fair charges for the work on which they have estimated.

.....
(Attach by glue on this line all exhibits.)

Waiver by claimant to other compensation.—The above itemized list of claims is submitted as claimant's entire loss by virtue of the explosion above described. In the event claimant is compensated in the amount herein named, or if the damages as herein described and still unrepaired are repaired, said claimant expressly agrees

and understands that such payments for repairs will be in full settlement of all losses incurred by him as owner of the property above described, and shall be considered as a waiver and bar to any and all other claims for loss by virtue of said explosion.

(Date.)

(Signature of owner of property.)

CITY OF, State of, ss:

....., being first duly sworn, on oath deposes and says as follows: That the above described claim is made by him as owner of the property damaged; that the amount claimed and as described in page 1 of the attached claim, all of which claim and description is hereby made a part of this affidavit, is just and fair; and that each and every one of the items of damages therein described were directly due to the explosion at the Gillespie loading plant at Morgan, N. J., on or about October 5, 1918; that by virtue of the explosion, claimant has paid the sums set forth in items Nos. to, and that the estimate of the contractors include no items of repair not caused by the explosion. And by virtue of said explosion affiant claims for the United States the sum of dollars. And affiant acknowledges to be his signature that attached to the waiver to other claims hereto attached.

Subscribed to and sworn before me a notary public in and for the county of State of, this day of, 1918.

[SEAL.]

Notary Public.

In all cases, affidavit of one responsible witness must be supplied where there are structural damages; at least one contractor must furnish oath as to damages.

Affidavit of resident noninterested witness:

CITY OF, State of, ss:

....., residing in, and contiguous to the property hereintore described certify that I am not concerned in the loss or claim above set forth, and that I have examined the property in respect to the items of damage herein claimed, and that I believe same to be just and correct, and further certify under oath that to the best of my knowledge and belief each and every one of the items of damages set forth in the attached claim occurred by virtue of the explosion above named and described, and that I believe the amount claimed by the owner to be just and fair.

Subscribed to and sworn before me, a notary public in and for the county of State of, this day of, 1918.

[SEAL.]

Notary Public.

CITY OF, State of, ss:

....., residing in, hereby on oath states that the estimate hereto attached and numbered as claim Exhibit No. were repaired by me after a personal examination of the property herein described. That I believe the items named in said estimate are items occasioned by the damages hereinbefore described. And in respect to the estimate of costs to replace the damaged property given by me, I believe same to be just, fair, and reasonable. That I have no interest in the claim other than to obtain, if possible, the contract to repair the damages done.

Indorsement on back:

(Claimant leave this page blank.)

Inspector's report:

Claimant City Street Number Mount Reference to testimony

Subscribed to and sworn before me, a notary public in and for the county of State of, this day of, 1918.

[SEAL.]

Notary Public.

CITY OF, State of, ss:

....., residing in, hereby on oath state that the estimate hereto attached and numbered as claim Exhibit No. were repaired by me after a personal examination of the property herein described. That

I believe the items named in said estimate are items occasioned by the damage hereinbefore described. And in respect to the estimate of cost to replace the damaged property given by me, I believe same to be just, fair, and reasonable. I have no interest in the claim other than to obtain, if possible, the contract to repair the damages done.

Subscribed to and sworn before me a notary public in and for the county
....., State of, this day of, 1918.

[SEAL.]

Notary Public

Recommendation of board:

REPAIRS INCIDENT TO DAMAGE.

The CHAIRMAN. To what extent have they made the repairs incident to this damage? Of course, the destruction of bric-a-brac and that sort of thing, while entailing a property loss does not entail any suffering. To what extent have they undertaken to make their houses habitable since the accident, and to what extent are they waiting for the Government to pay the claims?

Col. TENNEY. The larger part of the claims are by very poor people who have simply patched the houses for the purpose of trying to keep out wind and rain, but the damage to plate glass, which was very large, has been——

The CHAIRMAN (interposing). You mean window glass?

Col. TENNEY. Yes; a large part of the glass has been replaced, and the insurance companies have taken care of most of those particular claims. But a great deal of the property is absolutely destroyed.

The CHAIRMAN. In those cases the people have made arrangements to live elsewhere.

Col. TENNEY. They have had to; some of them are living in cellars.

The CHAIRMAN. How many people were affected?

Col. TENNEY. Well, it is hard to say; there will be 10,000 claims, and the larger part of them are families; there must be 25,000 or 50,000.

The CHAIRMAN. Of course, there will be no such number as that affected to the extent of affecting their physical living?

Col. TENNEY. As 50,000?

The CHAIRMAN. I say, there is no such number as that. There may be claims made for plaster falling off or for window panes broken which will not entail any very great hardship. What I want to arrive at is the number of people who are physically suffering, if any, as a result of this situation.

Col. TENNEY. I do not think I could give you that number, but it is quite a large number, from the reports we have.

The CHAIRMAN. Of course, the reports are always quite large, but I mean what will your own investigations show?

Col. TENNEY. It is very hard to say without going into it and trying to find the number, but, as I say, there must be at least half of the 9,000, or 4,500, that represents families; that is a fair guess, because four or five to a family is a fair figure, so that you might find 10 per cent, or 2,500 people, who are suffering. It is a very big territory.

Mr. EAGAN. You say that the average claims will be about \$400?

Col. TENNEY. That is the way it looks to us now.

Mr. EAGAN. Generally, what is the nature of the damage done?

Col. TENNEY. In most of the cases we get it is damage to plastering, broken windows, and water pipes that were broken and which flooded everything; that is a large part of the damage.

Mr. EAGAN. And a great many of those people have not had those images repaired.

Col. TENNEY. Not the plastering; that has been left so that somebody could see it, or else they did not feel they had the funds. There are a lot of very poor people there and small houses.

Mr. EAGAN. Damage to water pipes, and damage of that kind could make those houses, I should think, quite uninhabitable.

WORK OF RED CROSS.

Col. TENNEY. The very bad cases have been taken care of by the Red Cross and fixed up. That is where the large claim is coming in.

The CHAIRMAN. A poor house would have to be pretty well destroyed to represent \$400 worth of damage, would it not?

Col. TENNEY. Yes; that is where the first claims, these small ones, did not run more than \$200; that is, did not run over \$100.

Mr. EAGAN. Was the greatest damage in South Amboy?

Col. TENNEY. Yes, sir.

The CHAIRMAN. Is the Red Cross making any claim at all?

Col. TENNEY. They have intimated that they would like to have us consider the proposition of reimbursing them for the money that they have put out in this particular matter.

The CHAIRMAN. You have not intimated that you propose doing it, have you?

Col. TENNEY. No; we have not gone into that subject; in fact, that is not anything that comes in under the authority given in the act.

The CHAIRMAN. Where they have made repairs, do you charge against the amount claimed for damage done the repairs they have made?

Col. TENNEY. No; that is not a claim, and that is what we are trying to avoid in every case, because the insurance companies fixed up those matters as a business proposition, mostly stores, you know; but where the Red Cross did anything they do not also claim damages out of us.

The CHAIRMAN. Let me see if I completely understand you. If a house were damaged to the extent of \$400 and the needs of the inhabitants required the Red Cross to go in and repair \$200 worth of it, do you consider a claim for \$400 or \$200.

Col. TENNEY. You said a \$400 claim.

The CHAIRMAN. I said that if the damage were \$400 and the Red Cross spent \$200 in making repairs, half of it, in order to take care of the emergency phase of it.

Col. TENNEY. I have never seen a case like that.

The CHAIRMAN. Well, I took a supposititious case, but if the Red Cross repaired some part of the damage do you permit the claim to cover the entire damage done?

Col. TENNEY. We have had no cases where the Red Cross has fixed them up and where claims have been put in by the persons who were fixed up. Let me put it this way: Suppose a claim might be \$200

and the Red Cross spent \$200 in fixing up that party; that party has not come to us, as far as we can ascertain, for any reimbursement.

The CHAIRMAN. Have you any acquittance from that party?

Col. TENNEY. No; they have not presented any such claim.

The CHAIRMAN. I understand they have not, but that is not all; they will not. Does the Red Cross undertake to check those cases?

Col. TENNEY. The Red Cross has rendered us a statement showing that they have spent \$167,000 on those cases and others.

Mr. EAGAN. Is the Red Cross continuing to make repairs, or have they stopped?

Col. TENNEY. They have tried to find boarding places for the sick and to take care of the sick and help out people who have had no places to go, and they have made a few repairs where it was possible to fix up a place cheaply; in other words, they have gone in and acted as any other charity organization would in trying to help out.

Mr. EAGAN. Their work was not that of repairing the damaged property?

Col. TENNEY. No; not as a general rule, but what they did was to take hold of the particularly hard cases and pay for them out of their own funds.

Mr. CANNON. Did the act give you jurisdiction to investigate and pay or simply to recommend payment?

Col. TENNEY. I can not tell you exactly the language of the act, but it is a very short one, and if you have a copy it would be better to read it.

Mr. CANNON. This was an explosion where?

Col. TENNEY. At Morgan, N. J.; the Gillespie Loading Co. explosion and fire.

The CHAIRMAN. The act provides as follows:

Claims occasioned by explosions and fire at plant of the T. A. Gillespie Company, Morgan, New Jersey. The Secretary of War is directed to consider, ascertain, and determine the amounts due on all claims for damages to and loss of private property occasioned by the recent explosions and fire at the plant of the T. A. Gillespie Company, at Morgan, New Jersey, and report the amounts so ascertained and determined to be due the claimants to Congress within two months of the date of the approval of this act.

Mr. CANNON. What were our relations to the T. A. Gillespie Co.? Was that a Government establishment?

Col. TENNEY. Yes, sir; we were building and the T. A. Gillespie Co. was the agent of the Government to build this plant.

Mr. CANNON. So that the Government has the property?

Col. TENNEY. It is Government property.

Mr. CANNON. And you were authorized to make an investigation of the damages?

Col. TENNEY. Damages to property, and report to the Secretary. We are now asked, as I understand, to make the report before we are ready, because there is a great deal of suffering in that section and will be more this winter.

Mr. CANNON. When will you be able to report?

Col. TENNEY. We will report on time, but we will not be able to more than determine about one-half of the claims; we will have to estimate the balance. We must report by the 6th of January and we will report at that time. We will be able to determine as to

out half of the claims and it will take us to determine the other half a month and a half or two months more.

Mr. EAGAN. From the 6th of January?

Col. TENNEY. We will have to have until the 15th of February to complete the rest of the investigations.

Mr. EAGAN. You are devoting all of your energies now to investigating those claims that involve difficulty in living in the houses that were occupied prior to the explosion?

Col. TENNEY. Yes, sir; we will have all of those taken care of soon.

Mr. EAGAN. Quite a number of people were ordered out of their homes as a result of the explosion?

Col. TENNEY. Yes, sir.

Mr. EAGAN. To that extent the houses are vacant?

Col. TENNEY. Yes, sir.

Mr. EAGAN. Those people are to that extent inconvenienced seriously in their living conditions?

Col. TENNEY. Yes, sir; some of them are living in the cellars because the upper part of the house is not habitable.

Mr. EAGAN. How many, could you say?

Col. TENNEY. I could not say.

Mr. EAGAN. Is there any way that we could get an idea of that when you bring in the report?

Col. TENNEY. I think we could give you that. It would come in the form of a letter so you can put it in your record:

SATURDAY, JANUARY 11, 1919.

EXPLOSION AT T. A. GILLESPIE PLANT, MORGAN, N. J.

STATEMENTS OF COL. CHARLES H. TENNEY, ORDNANCE DEPARTMENT, AND MR. H. M. NORTH, OF COMMITTEE.

REPORT ON CLAIMS FOR DAMAGES.

(See p. 1157.)

The CHAIRMAN. Colonel, you gentlemen have submitted a partial report in pursuance of the act of November 4, 1918, which required you to make a report on the claims for damages to and loss of private property at the plant of the T. A. Gillespie Co., Morgan, N. J.

Col. TENNEY. Yes, sir.

The CHAIRMAN. That report covers how many claims?

Col. TENNEY. That report covers 3,233 claims.

The CHAIRMAN. How many claims have been submitted?

Col. TENNEY. Eight thousand eight hundred and sixty-four.

The CHAIRMAN. When do you hope to report on the balance of them?

Col. TENNEY. We hope to be finished by the 1st of March with all of them. They are running a little bit slow. We have gotten through the small ones, and really the easier ones. Up to January 10 we completed 4,711. The total amount of reimbursement of claims upon which appraisals have been completed is \$633,849.

The CHAIRMAN. What do the balance of the claims amount to?

Col. TENNEY. When we estimated we estimated a total \$3,658,445, without figuring in the railroad claims or the insurance claims or the Red Cross claim, or use and occupancy loss and reimbursement to hospitals for services. I have a list outside of \$3,658,445, which I will read: Loss sustained by reason of property becoming uninhabitable, use, and occupancy, \$218,000; loss by lightning, rain, and lack of care, \$175,000; reimbursement to hospitals for services and supplies, \$50,000; reimbursement to insurance companies for abnormal loss to property, \$300,000; new plate-glass insurance where reinsurance was necessary because of lapsing of premiums, \$50,000; payments to physicians other than Red Cross, \$6,000; reimbursement to Red Cross and church societies for expenses of temporary repairs, feeding, and medical attention, \$175,000; payments for loss of life and personal injuries to other than United States employees, \$350,000; Pennsylvania Railroad claim, \$647,000 odd; New York Telephone Co., \$28,283; New York & Long Branch Railroad, \$627; Communipaw & Central Land Co., Raritan Railroad, \$2,663.

CLAIM OF RED CROSS.

May I say a word, Mr. Chairman, in regard to the Red Cross. In addition to this report?

The CHAIRMAN. Certainly.

Col. TENNEY. On page 4 of the report as printed it says that we had received a claim from the Red Cross for reimbursement. The Red Cross were asked by Mr. Gillespie, of the Gillespie Loading Co., to step in and help in every way they could in that vicinity to make little temporary repairs to protect the people from the weather, and he guaranteed them up to \$100,000 of his own funds, on the basis that they should ask for reimbursement for the amount they actually spent. They spent over the \$100,000 for emergency purposes. We did not know this at the time this report was made, but it has since come out. We did state to the Red Cross that we felt the committee should have something to say in regard to what the Red Cross had done and we suggested that they write us a letter, which they have done under Appendix C, and we stated that we would say that the Red Cross had made a claim so that it would come under our authority. Although they really do not make a claim they would like to be reimbursed; they think they should be reimbursed so as to pay Mr. Gillespie his \$100,000. They will submit next week a complete statement of what they have spent and how. They have not been able yet to prepare it.

Mr. EAGAN. Do you know how large their claim will be?

Mr. NORTH. In the neighborhood of \$175,000; possibly a little under that, all told. That includes not only the Gillespie advance of \$100,000, but many other advances in the way of feeding the injured, hospital supplies, and so forth, payments being paid out of funds contributed by individuals and themselves for suffering caused by this explosion, for which the Government is asked to assume responsibility. It is on the theory that individual donations to the Red Cross are to cover suffering which can not be handled in any other way. Here is suffering for which the Government is asked to assume responsibility. On that basis, if it is the correct one, it is included in this item.

Col. TENNEY. They stated to us that none of their war funds were available for this. They had a fund of \$350,000 left over from other funds, where they had helped in catastrophes. They have claims against that fund to-day of over \$200,000. If they are not reimbursed, this will clean that all up as well as taking the \$100,000 from Mr. Gillespie.

Mr. EAGAN. Mr. Gillespie's payment of \$100,000 was not an outright gift?

Col. TENNEY. Yes, sir; it was an outright gift to them for this purpose, but it was in the nature of an advance to take care of the suffering, with the hope of being reimbursed by the Government; but he jumped in with his funds to the Red Cross and told them, "Now, go ahead and just protect these hard cases." They employed the Fuller Co., who will render a complete report of what they did.

Mr. EAGAN. If we allowed the Red Cross claim, then it would be the Red Cross that would reimburse Mr. Gillespie?

Col. TENNEY. Yes, sir; as an advance only to them. They had no funds, they felt, which were available for this purpose. They were pretty well pledged up on their fund for these catastrophes, so they asked him or he asked them to put up some money, and he put up \$100,000, with the idea that a claim would be made so that he could be reimbursed when the opportunity arose.

Mr. EAGAN. It seems to me that this is one of those accidents or happenings that the Red Cross or other activities were intended to cover.

Col. TENNEY. Yes; I felt myself, as a member of the committee, that Mr. Gillespie should be reimbursed. He has done it really to help out the situation. I do not see how we can put in a claim like that under any authority we have. We have not listed the claim in the \$3,658,445.

NUMBER OF CLAIMS RECEIVED AND DETERMINED.

The CHAIRMAN. Colonel, you stated a few moments ago the extent of the claims that you had estimated. Apparently you have not received anything like that number of claims.

Col. TENNEY. We have received 8,864. We have determined 4,711. The report is of date December 24. The figures I have read are of January 10.

Mr. EAGAN. A supplemental report?

Col. TENNEY. Yes, sir.

The CHAIRMAN. Your report indicates that there has been an agreement as to \$436,732.66 of claims and that the Government has appraised \$644,722.34 of claims. Those are exclusive of those which have been agreed upon between the parties?

Col. TENNEY. At that time, on that date, the 24th of December, we had agreed to \$436,732, and we had appraised, but not agreed, to \$644,722.

The CHAIRMAN. They are all exclusive of each other?

Col. TENNEY. Yes, sir.

The CHAIRMAN. And \$2,576,990 not appraised but estimated?

Col. TENNEY. Yes, sir.

The CHAIRMAN. Which, assuming that basis, would make a total of \$3,648,445?

Col. TENNEY. Yes, sir.

The CHAIRMAN. Since that date you have agreed on what number.
Col. TENNEY. Agreed on a total bringing it up to \$633,849, leaving approximately \$3,025,000 still to be agreed upon.

The CHAIRMAN. That \$3,000,000 covers how many claims?

Col. TENNEY. That will cover 4,153 claims.

The CHAIRMAN. And you have agreed on how many?

Col. TENNEY. 4,711. The 4,000 claims not yet determined figure out \$750 apiece.

The CHAIRMAN. That is simply on a division by number of amount?

Col. TENNEY. Yes, sir.

The CHAIRMAN. But that is not the slightest information to me. What I want to get at is the extent there are large claims of large companies like the Pennsylvania and other railroads where, while the Government needs to pay them if it owes them, it does not need to exercise the same degree of haste in consideration and settlement that would apply to people of limited means who might be suffering by virtue of failure to adjust their claims.

Col. TENNEY. I think the report that we have given covers just that point, because it simply mentions that we have these other claims, and we do not think that the committee should consider them and so have not reported them in the report. I am sure you will find that it will not run short of \$3,600,000 what we have reported on.

The CHAIRMAN. If I understand you, you mean that this \$3,000,000 of claims you do not consider particularly meritorious and that we need not at this time consider them?

Col. TENNEY. In part.

The CHAIRMAN. I am talking about the ones not adjusted—they amount to about \$3,000,000?

Col. TENNEY. They are all that way. We can not divide them between those absolutely pressing and the most meritorious, the way they come to us. We have approved them just as fast as we could.

Mr. EAGAN. I think what the chairman has in mind is to segregate the large claims of others where there is no particular inconvenience or hardship by waiting for such settlement as may be ultimately determined upon, from those in which hardship is being suffered.

Col. TENNEY. What I meant to say was that in this report we have eliminated those particular cases. What we have left here are the ones which, in our judgment, apply what we have to-day and that should be settled.

Mr. EAGAN. You have in this list, however, quite a number of claims of large amount and in which probably we do not have to exercise the same haste as we would in the case of the poor, who are in many cases, without adequate shelter.

Col. TENNEY. The list you mention contains railroads, which are there really by mistake. The others, churches and homes of people I think are just as important as any part of it. The only ones under that theory that I would eliminate from the list, which is the report of Mr. Charles H. Meade, the auditor, to Mr. North, would be the claims of the Pennsylvania Railroad Co., \$650,000; the New York

telephone, \$28,000; and the United States Railroad Administration, \$5,112.

Mr. EAGAN. I think there are one or two other railroad claims?

Col. TENNEY. The Communipaw & Central Land Co. and the National Fireproofing Co., \$2,800. The two largest claims—Van Alst and Steuerwald—which aggregate \$115,000, they are for their homes and personal effects.

The insurance companies have submitted to us a statement of the moneys that they paid out for explosion and fire insurance. We have not checked that up against the claims as yet, and that is a very long, hard job, but we are about ready to do it, and it will be done before any final claims are paid. We must find out if any of these people have received such money, but of those who have been reported it is not very likely that any have received any insurance money.

ADJUSTMENT OF CLAIMS REPORTED.

The CHAIRMAN. You have reported an adjustment of \$436,732.66 worth of claims.

Col. TENNEY. Yes, sir.

The CHAIRMAN. How much was claimed by those claimants?

Mr. NORTH. Practically 10 per cent more.

The CHAIRMAN. Are you able to file in the record the individual claims that you have settled, as appear in your report submitted to Congress and found in House Document No. 1633, the amount that was claimed, and the amount that has been agreed upon in each particular claim?

Mr. NORTH. Absolutely; yes, sir.

The CHAIRMAN. And the character of the claims?

Mr. NORTH. Every detail of them; the affidavits—

The CHAIRMAN. I do not want all of that. I want what we can put in the record. You should put in the record a list showing the names of the claimants, the amount that was claimed by them, the amount that has been agreed on, and a short statement of a few words as to the character of the claims submitted.

Mr. NORTH. With pleasure; yes, sir.

The CHAIRMAN. In addition to the claims shown in the report you have made, and found in House Document No. 1633, you have settled a number of other claims.

Mr. NORTH. Yes, sir.

The CHAIRMAN. So that the total amount now is \$633,849 instead of \$436,732.66.

Mr. NORTH. Yes, sir.

The CHAIRMAN. Also place in the record, as a separate list, the claims you have agreed on since this report was filed.

Mr. NORTH. Very well, sir.

The CHAIRMAN. Giving, just as requested before, the amount of the claim, the amount that has been agreed on and a very brief abstract as to the character of the claim.

Mr. NORTH. Very well, sir.

Mr. EAGAN. How many claims have you appraised in addition to those that have been appraised and agreed upon, and what do they amount to?

Col. TENNEY. I do not believe that has been kept by the number of claims.

Mr. EAGAN. Well, the amount of the claims.

Col. TENNEY. The way I look at it those claims average about \$300.

Mr. EAGAN. In your report of December 24 you give three divisions: Claims agreed upon by both parties, claims appraised by the Government but not agreed upon, and then the claims not appraised by the Government.

Mr. NORTH. I am sorry I can not give you that information—it is, from the data before me—it is at Perth Amboy.

Mr. EAGAN. What is the condition of the people in the houses that have been damaged; that is, their living conditions? Are they able to occupy those houses?

Mr. NORTH. To some extent they are occupying those houses. Their living conditions vary from pitiful in the extreme to unfortunate.

Mr. EAGAN. Have those cases pitiful in the extreme been agreed upon?

Mr. NORTH. Those are the ones which we have given preference to; those are included in the 3,233 which were approved at the time of the issuance of this preliminary report.

Mr. EAGAN. In other words, as soon as that money is appropriated and they begin to spend it, the distress will be very greatly relieved?

Mr. NORTH. Yes, sir; there is no question about that. They are going into the winter there and it is a bleak coast. They have plaster-board partitions, windows and doors that do not fit, trouble with their roofs and trouble in every conceivable way. The Red Cross has done a great deal of work; other people have, and the churches have; but they are to be pitied and pitied in an extreme degree.

DEATH AND PERSONAL-INJURY CASES.

Mr. EAGAN. Your report does not include the deaths and injuries to life and limb?

Mr. NORTH. No; it does not include that. There are most pitiful cases of that kind.

Mr. CANNON. Are you asked to adjudicate those claims?

Mr. NORTH. No; we have no such authority. We have brought it to the attention of the committee so that if it thinks it wise such authority can be conferred on us; but thus far we have done nothing except as authorized in the legislative act.

Mr. EAGAN. You have only adjusted claims for damage to private property?

Mr. NORTH. Yes, sir. There are some pitiful cases, cases where fathers and mothers were killed and little children left, babies, who are public charges. We have taken the liberty of bringing it to your attention, so that you can pass the proper legislation if you elect to do so.

Mr. EAGAN. You are speaking of people who are not employees of the Government?

Mr. NORTH. Yes; the Government employees are taken care of.

Mr. EAGAN. How many people were killed outside of Government employees?

Mr. NORTH. The Red Cross estimates the number to be 30 killed badly injured, but because we have no authority to handle the matter in any way and because we have been very much crowded in the work authorized by the legislative act we have not gone far enough to ascertain whether the Red Cross estimate is correct. They list it would amount to about \$300,000 and I added \$50,000. There is a large number of cases of that kind, but the legislative act does not authorize us to handle them. The letter covering these indirect claims was furnished to the colonel and it has been read into the record.

PERTH AMBOY, N. J., January 10, 1919.

H. M. NORTH:

As you requested, I am handing you a few of the larger claims which we have received but have not yet appraised.

Pennsylvania R. R.:

Rolling stock.....	\$644,079.14
Real estate.....	5,106.89
Pelt, James D.....	45,116.20
Pelt, Mrs. James D.....	1,356.70
Sauerwald, Mrs. Ethel B.....	40,900.76
Sauerwald, Charles.....	27,591.93
Do.....	2,897.59
New York Telephone Co.....	28,283.49
Luca, V.....	17,760.75
St. Loretto Church, Princes Bay, Staten Island.....	16,506.00
Mary's Church, South Amboy.....	15,488.00
Red Heart Church, South Amboy.....	13,000.00
Weynon, Parker W.....	6,518.00
United States Railroad Administration.....	5,112.74
National Fireproofing Co.....	2,814.97
Indianapolis Central Land Co.....	2,663.00
Wheeler, Mrs. Robert.....	1,998.52
Winter, Mrs. Dora.....	1,365.45
Wheffer, Peter.....	1,958.90
Pardee Works.....	1,066.10
Donald, Mrs. Allen.....	1,323.60
Wheeler, Marie E.....	1,594.64
St. W. E.....	1,427.46
Lawson, Wm. P.....	3,500.00
Wingham, Alfred.....	1,539.60
Windy, George.....	1,608.56
Wheeler, Mrs. Nels.....	1,535.83
Wheeler, Rev. Wilbert.....	1,650.00
Wheeler, Kathrina.....	1,531.00

Total..... 897,295.82

Respectfully,

CHAS. H. MEADE,
Auditor.

WAR DEPARTMENT,
RARITAN BUILDING,
Perth Amboy, N. J., January 10, 1919.

DEAR COL. TENNEY: The status of appraisals at the close of work January 8, 1919, is as follows:

Total number of claims filed to date.....	8,864
Total number of claims upon which appraisals have been completed.....	4,711
Total amount of reimbursement for claims upon which appraisals have been completed.....	\$633,849

1172 SECOND DEFICIENCY APPROPRIATION BILL, 1919.

The above amount of reimbursement is upon the claims of small individual amounts because these are the ones which have been easiest to complete and which bear of the greater need of these sufferers, have been given preference in handling.

Very truly,

THE ORDNANCE BOARD,
Gillespie Plant Explosion.
By H. M. NORTH,
Member Ordnance Board.

Col. C. H. TENNEY,
President of Ordnance Board,
Seventh and B Streets SW., Washington, D. C.

WAR DEPARTMENT,
RARITAN BUILDING,
Perth Amboy, N. J., January 21, 1919.

From: The Ordnance Board, Gillespie Plant Explosion.

To: The Chief of Ordnance.

Subject: Report of amounts due owners of private property for losses due to the explosion and resulting fires of the T. A. Gillespie Loading Co.'s plant, at Morristown, N. J., August 4, 5, and 6, 1918.

1. In accordance with the order of the Chief of Ordnance dated November 5, 1918, which created this board and named its duties, there was submitted under date December 24, 1918, a preliminary report. This report has been printed as Document No. 1633, House of Representatives, Sixty-fifth Congress, third session. This preliminary report stated that up to the date of December 21 the total number of claims appraised by the board and determined for settlement was 3,233; the amount payable thereunder was \$436,732.66.

2. It had not been practicable at that time to show in this report an abstract of the individual claims because of the lack of time. Also such an abstract would be very voluminous, there being some 769 typewritten sheets involved in listing simply the titles and amounts of the claims filed up to that date without any description of the nature of the losses.

3. In accordance with the request of the Appropriations Committee made January 11 to this board, the tabulation of claims which have been determined by the board have been undertaken in a more complete form to show an abstract of the nature of the losses, the amounts claimed and the amounts determined by the board. The work is not completed. The totals of the work as completed up to the night of January 20 are as follows:

Claims determined by the board.....	5,78
Total reimbursement provided by above claims.....	\$915,426.5

The claimants asked for substantially 16 per cent more on an average than the amounts granted by the board. Not all of the above claims are, however, tabulated in the form desired by the Appropriations Committee.

4. There is submitted herewith totals of the determined claims which have been so far tabulated on the lines requested by the Appropriations Committee as follows:

Number of determined claims.....	68
Total amount of reimbursement covered by determined claims.....	\$139,852.65

This tabulation itself has been delayed by the difficulty in securing printed forms sufficient office force and by the amount of preliminary labor involved in separating and assembling the figures of cost of the individual items of loss. This preliminary work is so far advanced at the hour of writing this emergency report—5 p. m., January 21, 1919—as to predict the tabulation of all claims so far appraised will be completed in readiness for submission to the Appropriations Committee on Monday, January 27, 1919. The tabulation will at that time include some 5,800 typewritten pages.

5. The above amounts are the figures very largely of the smaller claims, as these were the first to reach the board. They were also the first to be appraised by the Government, as they were the losses of the poorer classes of people which the board desires to have ready for earliest payment.

6. The above amounts consist only of claims for real and personal property stated under the oath of the claimants to have been injured or destroyed by the explosion or resulting fires of the Gillespie Plant on October 4, 5, and 6, 1918.

7. The board has received a claim from the Red Cross for reimbursement for an amount of \$100,000, advanced through the public spirit of Mr. T. A. Gillespie.

facilitate the work of that organization in making immediate repairs to the homes of the most urgent cases of suffering. Since the large sums which the American people contributed to the Red Cross during the period of the war are held for war relief purposes, since disaster relief is not regarded by the Red Cross as coming within war relief and since their funds reserved specifically for disaster relief are not large, and have lately been heavily drawn upon, Mr. Gillespie's contribution was especially useful.

The use of this amount of money has enabled that splendid organization to partially repair many of the homes made wholly uninhabitable by this disaster. This was particularly important because of the approach of the wintry season on this bleak stretch of the northern New Jersey coast.

The reimbursement of this loan to the Red Cross is unqualifiedly recommended, and with an expression of appreciation for the great good it has accomplished. Since the writing of the preliminary report of December 24, 1918, by this board, it has been definitely ascertained that this expenditure has been made for the replacement of private property destroyed by the Gillespie explosion. The board has the clear right, under its present authority, to include this as an item for reimbursement, and accordingly has inserted an item of \$100,000 for this purpose in its lists of private property losses.

8. The board has considered claim from the Pennsylvania Railroad Co., the Pennsylvania Railroad Corporation, the Central Railroad of New Jersey, the New York & Long Branch Railroad, and the New York Telephone Co., for an aggregate amount of \$679,303.63, and has carefully considered briefs submitted by Mr. Alan H. Strong, general attorney of the Pennsylvania Railroad Co., and Mr. Cameron, of the New York Telephone Co., which briefs were added to the preliminary report of December 24, 1918, as Appendix "A."

The board considers, inasmuch as the United States Railroad Administration, under the contract taking over the railroad, is obligated to return their equipment on the same condition as when received, that there is sound reason for believing the claim one which is proper to be paid under the conditions of that contract. The Railroad Administration, however, urges that the board recommend payment through its channels. The board regards the amount one as to the propriety of the payment which there can be no question whatever, and in a matter of such importance it submits the papers to Congress for determination as to the agency through which it desires to make reimbursement. The claim of the New York Telephone Co. is one which similarly is regarded as properly payable to that company through such method and may be decided to be lawful. For these reasons the board shows these items of claim as a special matter outside of and in addition to the lists of reimbursement for private property herein recommended for reimbursement.

9. The board has excluded from these the particular items presented for losses incurred due to theft or due to injury resulting from houses being ordered vacated by the civil or military authorities, or due to the owners seeking refuge in less dangerous localities. It has excluded also claims for ambulance service, bedding, and emergency, medical, and other supplies furnished to the injured or sick or dying. It has also excluded many claims of various character for indirect losses and contingent expenses. Some of these are easily determinable and others are indefinite in amount. It has excluded claims for injury, sickness, and death, due directly to the explosion and fires, or to the exposure while living in the fields and streets unsheltered during the days immediately following the disaster. It is stated to the board that there were 10,000 people from Morgan and South Amboy camped during the first night and the day following in any open space which they could find, in order to avoid the danger of missiles and falling buildings. The claims so excluded are many and urgent, but the board does not understand that the authority under which it has been acting permits it to receive them.

10. The amount of funds which it is estimated are required to meet the above-mentioned miscellaneous claims for other than losses to private property, total as follows:

Insurance claims.....	\$300,000
Rent and occupancy.....	218,000
Losses due to evacuation by orders from civil or military authorities.....	175,000
Expenses of hospitals.....	50,000
Services and expense of private physicians and nurses.....	6,000
Expenditure by church societies.....	75,000
Losses of life and personal injury.....	350,000
Total.....	1,174,000

The board regards all items of the above miscellaneous list as clearly payable to the Government if the losses caused by the Gillespie disaster are to be borne. It believes that the claims of the insurance companies should be paid only to the extent as an examination of the pertinent portion of their books indicates them to be abnormal.

11. Accompanying this writing is a tabulation of the 636 claims which were complete in the manner desired at the time of the request for the immediate subsidy of all available papers. This tabulation is indicative of the finished result.

12. Special claims for damage to private property.
Damage to property of corporations under Federal control, U. S. Railroad Administration:

a. Pennsylvania Railroad.....	\$644,000
b. Pennsylvania Corporation.....	3,650
c. New York Telephone Co.....	28,200
d. New York & Long Branch R. R.....	620
e. Communipaw and Central Land Co., Raritan R. R., lessee.....	2,680
Total.....	679,300

Payment of the last above item is recommended through what agency Congress may elect.

WILLIAM K. PEASLEY,
Major, Ordnance Department, United States Army,
Member Ordnance Board.

H. M. NORTH,
Advisory Engineer, Construction Division of the Army,
Member Ordnance Board.

NOTE.—Col. Tenney is absent on leave, and his signature, accordingly, does not appear.

H. M. NORTH.

Statement of military appropriations made since May 12, 1917, as of Dec. 1, 1918.
SIGNAL CORPS.

Titles.	Appropriations	Disbursements made to Dec. 1, 1918.	Obligations incurred prior to Dec. 1, 1918, to be fulfilled.	Estimated additional cash needs balance fiscal year 1919.	Balance of appropriation not required.
Signal Service of the Army, acts July 9 and Nov. 4, 1918.	\$155,946,054.77	\$22,640,790.22	\$45,507,864.51	\$4,424,200.00	\$83,373,200.04
Seacoast defense, Signal Service, act July 8, 1918.	180,000.00	\$31,613.83	\$148,254.88	161.26	
Seacoast defense, insular possessions, act July 8, 1918.	15,000.00	\$1,190.44	\$7,224.56	6,583.00	
Seacoast defense, Signal Service, Panama, act July 8, 1918.	15,000.00		\$7,901.96	13,068.04	
Washington—last a military cable and telegraph system, act July 19, 1918.	147,448.00	27,414.19	\$7,516.81	32,914.00	
Commercial telephone system, Coast Artillery posts, act July 9, 1918.	15,000.00	\$4,459.28	\$10,600.71		
Replacing Signal Corps supplies and equipment.	34,287.73		\$1,708.98	32,577.75	
Total.	156,352,837.50	22,705,467.97	\$45,765,133.41	4,509,136.08	\$83,373,200.04

DIVISION OF MILITARY AERONAUTICS.

Air Service, military, acts July 9, Nov. 4, 1918.	\$184,304,758.00	\$53,254,806.40	\$46,050,000.00	\$23,467,028.42	\$61,532,925.18
Aviation stations, seacoast defense, act July 8, 1918.	8,000,000.00			8,000,000.00	
Total.	192,304,758.00	53,254,806.40	46,050,000.00	31,467,028.42	61,532,925.18

BUREAU OF AIRCRAFT PRODUCTION.

Air Service (Production), act July 9, 1918.	\$760,000,000.00	\$34,490,492.11	\$225,251,843.63	\$100,257,664.26	\$400,000,000.00
Increase for Aviation, Signal Corps, act July 24, 1917.	640,000,000.00	\$22,161,120.38	\$117,838,876.62		
Signal Service of the Army, acts May 12, June 15, Oct. 6, 1917.	99,067,766.00	81,596,746.98	15,471,019.02		2,000,000.00
Total.	1,499,067,766.00	638,248,359.47	358,561,742.27	100,257,664.26	402,000,000.00

¹ \$1,491,720.87 turned over to the Motor Transport Corps, not used and released by that corps.

² General equipment (photographic equipment), \$300,000; communication equipment (pigeons, \$110,000; special telephone and telegraph equipment, \$200,000); \$310,000; maintenance (all applicable to commercial telephone service and leased lines, United States), \$1,750,000; maintenance and operation in United States possessions, \$14,200; pay, subsistence and traveling expenses of civilian employees, \$250,000; experiment and research, \$300,000; miscellaneous expenses and supplies (including departmental expenses).

³ As of Nov. 1, 1918.

⁴ Includes \$25,000,000, which is the balance of estimated amount required for overseas purposes, which balance has not yet been placed to credit of American Expeditionary Forces.

⁵ Cost of training cadets, \$496,000; maintenance photographic sections, \$448,000; maintenance squadrons and balloon companies, \$5,720,000; acquisition of land, \$4,437,832.82; maintenance of fields and depots, \$2,486,000; mileage for officers, \$205,000; salaries and wages, civilian employees, \$3,000,000; experimental investigation, \$1,333,000; completion of construction work (permanent fields), \$4,000,000; incidental expenses, \$1,332,103.60; total, \$23,467,028.42.

⁶ A portion of this amount will be needed to cover a portion of the overobligation indicated above. The remainder will be used to operate the bureau during the balance of the fiscal year.

⁷ This appropriation has been overobligated by \$233,098,275.21, for which amount there are obligations in addition to those shown. This overobligation will be entirely eliminated in the liquidation of existing contracts. There was no appropriation to cover the overobligation.

Statement of military appropriations made since May 12, 1917, as of Dec. 1, 1918—Continued.

CORPS OF ENGINEERS.

Titles.	Appropriations.	Disbursements made to Dec. 1, 1918.	Obligations incurred prior to Dec. 1, 1918, to be fulfilled.	Estimated additional cash needs to balance fiscal year 1919.	Balance of appropriation not required.
Engineer operations in the field:					
1918, acts May 12, June 15, Oct. 6, 1917; Mar. 28, 1918.	\$350,800,000.00	\$314,621,372.10	\$29,622,158.30	\$500,000.00	\$6,059,499.60
1919, acts July 9, Nov. 4, 1918.	1,018,250,000.00	97,278,794.83	324,952,687.61	16,422,474.94	579,506,042.72
Engineer equipment of troops:					
1918, acts May 12, June 15, Oct. 6, 1917.	49,150,000.00	48,826,208.02	3,164,526.97	500.00	(2,841,234.99)
1919, act July 9, 1918.	135,000,000.00	1,265,269.42	3,665,649.43	3,536,114.99	126,532,966.16
Total.	1,553,200,000.00	461,991,644.37	1,361,405,022.31	* 20,459,089.93	712,155,478.48

NOTE.—Parentheses indicate overdrafts.

* Obligations incurred prior to Dec. 1, 1918, to be fulfilled:

Chargeable to—		
Engineer operations in the field, 1918, general engineer depot and director of purchases, to Dec. 6, 1918.	\$23,026,974.81	\$3,157,675.30
For Motor Transport Corps, per General Order 75, War Department, 1918, to cover motor-vehicle contracts.	6,442,252.66	6,881.67
All other disbursing officers to Oct. 31, 1918.	152,830.83	
	\$29,622,158.30	\$3,164,526.97
Engineer operations in the field, 1919, general engineer depot and director of purchases, to Dec. 6, 1918.	120,301,222.58	3,662,799.30
Reserve for American Expeditionary Forces.	200,000,000.00	2,850.13
For Motor Transport Corps, per General Order 75, War Department, 1918, to cover motor vehicles.	4,466,110.27	
All other disbursing officers to Oct. 31, 1918.	186,354.76	
	\$24,052,687.61	3,665,649.43
		361,405,022.31

Estimated additional cash needs, as follows:

1. Engineer operations in the field, 1918, to meet probable requirements which in the nature of the case can not now be foreseen.....	\$500,000.00
2. Engineer operations in the field, 1919:	
(a) Purchase of floating derricks, locomotives, spare parts, stove-dore material, and for clerical hire of director general, military railways.....	\$8,265,000.00
(b) For completing maps of artillery firing ranges: Camp Jackson project, \$12,000; Camp Bragg project, \$57,248.96.....	70,148.96
(c) To make payments to field parties and office assistants on mapping work (this amount necessitated by changing from a military to a civilian status).....	107,000.00
(d) Purchase of aerial cartographic equipment.....	5,000.00
(e) Payment of liberty loan and other allotments of civilian clerks overseas.....	40,000.00
(f) Engineer training of Ninth to Twentieth Infantry Divisions.....	225,815.88
(g) Engineer training at Infantry School of Arms, Columbus, Ga.....	100,000.00
(h) Expenses of supply and engineer training of special units like the last item above.....	2,000,000.00
(i) Expenses of demobilization.....	2,000,000.00
(j) Additional for engineer training at Field Artillery firing school.....	4,000.00
(k) Operation of central photographic laboratory, military tools, central mapping plant, military tools, Washington Barracks.....	71,030.00
(l) Camp Humphreys: Engineer school, \$20,180; vocational schools, \$208,900; pontoon, bridge, and pioneer schools, \$20,000.....	249,080.00
(m) Development work, camouflages (remainder of development work under engineer equipment of troops).....	5,000.00

2. Engineer operations in the field—Continued.	
(n) Changing personnel of camouflage development work from military to civilian status.....	\$2,900.00
(o) Operations of engineer depot, Hoboken, estimated by depot officer at \$200,000 per month (this would make for remaining six months).....	1,200,000.00
(p) Office expenses of Machinery and Engineering Materials Division, chargeable to engineer appropriations.....	77,500.00
(q) To meet probable requirements in the United States and Europe which in the nature of the case can not now be foreseen.....	2,000,000.00
3. Engineer equipment of troops, 1918, probable requirements not now foreseen.....	\$16,422,474.81
4. Engineer equipment of troops, 1919:	
(a) Development work: Material and equipment—Pontoon and bridge, \$31,000; searchlights, \$330,000; sound ranging, \$12,000; sapper and train equipment, \$7,500.....	500.00
(b) Changing personnel on development from military to civilian status.....	400,500.00
(c) Maintenance of electrical equipment and searchlights and sound ranging equipment.....	69,380.00
(d) Fabrication and maintenance of pontoon and other engineer equipment at depots through military tools, Washington Barracks.....	100,000.00
(e) To cover deficit shown under "Engineer equipment of troops, 1918,".....	59,000.00
(f) Probable requirements which in the nature of the case can not now be foreseen.....	2,841,234.99
	75,000.00
	3,536,114.99
	20,459,089.83

The following engineer appropriations are not included in the above statement, since the requirements to which they are applicable are not affected by the cessation of hostilities: Engineer depots, 1919; Engineer School, Washington, D. C., 1919; civilian assistants to engineer officers, 1919; contingencies, Engineer Department, Philippine Islands, 1919; military surveys and maps, 1918, Dec. 31, 1919.

Statement of military appropriations made since May 12, 1917, as of Dec. 1, 1918—Continued.

ORDNANCE DEPARTMENT.

APPROPRIATIONS.	Opening balance and subsequent appropriations available Apr. 6, 1917, to Nov. 30, 1918.	Disbursements, Apr. 6, 1917, to Nov. 30, 1918.	Obligations outstanding Nov. 30, 1918, to be fulfilled.	Balance of reservations after deducting savings as of Nov. 30, 1918.	Total savings.
Purchase, manufacture, and test of field, railway, antiaircraft, and trench warfare artillery, field artillery for National Guard, balance as of Apr. 6, 1917, act May 12, 1917; antiaircraft guns, Army, acts May 12, 1917, and June 15, 1917; armament of fortifications B, balance as of Apr. 6, 1917, acts June 15, 1917, Oct. 6, 1917, Mar. 28, 1918, and July 8, 1918; armament of fortifications A, balance as of Apr. 6, 1917; armament of fortifications No. 46, balance as of Apr. 6, 1917; field artillery for Organized Militia, balance as of Apr. 6, 1917.	\$1,371,726,883.83	\$571,216,135.36	\$427,451,211.41	\$198,386,912.08	\$174,642,631.98
Purchase, manufacture, and test of ammunition for field, railway, antiaircraft, and trench warfare; artillery ammunition for field artillery, National Guard, balance as of Apr. 6, 1917, act May 12, 1917; ammunition for antiaircraft guns, Army, balance as of Apr. 6, 1917, acts May 12, 1917, and June 15, 1917; Army powder factory, balance as of Apr. 6, 1917; armament of fortifications C, balance as of Apr. 6, 1917, acts June 15, 1917, Oct. 6, 1917, July 5, 1918, and Nov. 4, 1918.	3,253,085,383.06	1,704,918,880.26	1,155,211,848.07	392,951,654.73	
Subsidiary armament for field, railway, antiaircraft, and trench warfare artillery, armament of fortifications N, balance as of Apr. 6, 1917, acts June 15, 1917, and July 8, 1918.	91,470,364.65	8,208,124.23	621,132.33	222,930.71	85,418,177.38
Alteration and maintenance of field, railway, antiaircraft, and trench warfare artillery, armament of fortifications L, balance as of Apr. 6, 1917, acts June 15, 1917, Oct. 6, 1917, and July 8, 1918; armament of fortifications O, balance as of Apr. 6, 1917.	384,687,341.91	36,222,881.17	53,925,918.34	61,453,297.62	233,083,244.78
Manufacture of arms, balance as of Apr. 6, 1917, acts May 12, 1917, June 15, 1917, Oct. 6, 1917, Mar. 28, 1918, and July 9, 1918.	492,062,699.12	133,247,586.84	139,951,889.68	7,985,045.51	210,878,057.60
Ordnance stores, ammunition, balance as of Apr. 6, 1917, acts May 12, 1917, June 15, 1917, Oct. 6, 1917, May 28, 1918, and July 9, 1918.	687,680,874.53	202,441,863.28	137,019,531.89	149,272,108.89	198,947,310.37
Small-arms target practice, balance as of Apr. 6, 1917, acts May 12, 1917, June 15, 1917, Oct. 6, 1917, Mar. 28, 1918, and July 9, 1918.	187,202,283.03	66,572,019.79	17,571,916.23	3,009,936.77	100,108,390.84
Automatic machine rifles, automatic rifles, balance as of Apr. 6, 1917, acts May 12, 1917, Oct. 6, 1917, June 15, 1917, and July 9, 1918; automatic rifle, balance as of Apr. 6, 1917, act May 12, 1917.	538,317,340.25	132,760,462.22	111,050,722.17	38,290,318.74	256,215,443.12
Armor National Guard, balance as of Apr. 6, 1917, acts May 12, 1917, June 15, 1917, Sept. 6, 1917, and July 9, 1918.	317,280,006.63	25,771,012.01	79,584,262.82	14,580,428.47	107,338,302.40

	418,957,629.41	250,153,249.91	65,253,716.87	67,224,317.32
	43,762,447.38	19,594,642.17	6,160,267.77	10,878,422.80
May 12, 1917, June 15, 1917, Oct. 6, 1917, Mar. 28, 1918, and July 9, 1918. Ordnance service, acts May 12, 1917, June 15, 1917, Oct. 6, 1917, and July 9, 1918. Miscellaneous: Ordnance stores and equipments, civilian military training camps, 1917-18, acts June 16, 1917, and July 9, 1918; ordnance stores and equipment, etc., Reserve Officers' Training Corps, 1917, 1918, 1919, acts May 12, 1917, June 15, 1917, and July 9, 1918; ordnance equipment for Home Guard organization, 1918, act July 9, 1918; ordnance supplies for military equipment of schools and colleges, 1917, 1918, 1919, acts May 12, 1917, June 15, 1917, and July 9, 1918; special aids and appliances for manufacture of arms, ammunition, etc., balance as of Apr. 6, 1917	13,552,425.00	6,003,218.51	82,249.53	1,850,000.00
Total appropriations.....	7,800,846,565.40	3,157,200,406.78	2,196,884,667.11	943,413,483.76
CONTRACT AUTHORIZATIONS.				
Purchase, manufacture, and test of field, railway, antiaircraft, and trench warfare artillery, armament of fortifications B, acts July 8, 1918, and Nov. 4, 1918.	1,816,514,192.00			1,816,514,192.00
Purchase, manufacture, and test of field, railway antiaircraft, and trench warfare artillery ammunition, armament of fortifications C, acts July 8, 1918, and Nov. 4, 1918.	2,839,511,235.00		265,486,667.43	50,499,316.14
Small-caliber ammunition for field, railway, antiaircraft, and trench warfare artillery, armament of fortifications N, act Nov. 4, 1918.	65,175,061.00			
Alteration and maintenance of field, railway, antiaircraft, and trench warfare artillery, armament of fortifications L, act July 8, 1918.	100,000,000.00			
Manufacture of arms, acts July 9, 1918, and Nov. 4, 1918.	242,481,200.00			
Ordnance stores, ammunition, acts July 9, 1918, and Nov. 4, 1918.	1,117,289,421.00			
Small-arms target practice, acts July 9, 1918, and Nov. 4, 1918.	143,561,253.00			
Automotive machine rifles, automatic rifles, acts July 9, 1918, and Nov. 4, 1918.	441,783,000.00			
Automotive motor cars, acts July 9, 1918, and Nov. 4, 1918.	360,000,000.00			
Ordnance stores and supplies, acts July 9, 1918, and Nov. 4, 1918.	372,289,266.00			
Miscellaneous, general contract authorization, act July 9, 1918.	500,000,000.00		15,291,383.73	
Total contract authorizations.....	8,045,559,662.00		280,781,051.16	50,499,316.14
Total appropriations.....	7,800,846,565.40	3,157,200,406.78	2,196,884,667.11	943,413,483.76
(Grand total.....)	15,846,406,227.40	3,157,200,406.78	2,477,665,718.27	993,912,799.90
				9,217,627,302.45

Statement of military appropriations made since May 12, 1917, as of Dec. 1, 1918—(Continued.)
CHEMICAL WARFARE SERVICE.

Titles.	Appropriations.	Disbursements made to Dec. 1, 1918.	Obligations incurred prior to Dec. 1, 1918, to be fulfilled.	Estimated additional cash needs balance fiscal year 1919.	Balance of appropriation not required.
Antiaircraft guns, act June 15, 1917	\$19.80				
Armament of fortifications, acts June 15, 1917, and July 8, 1918.	84,837,959.27	220,550,406.52	\$19.80		
Medical and hospital department, acts Oct. 6, 1917, and July 9, 1918.	80,892,000.00	27,551,019.34	26,174,927.86		83,192,021.89
National security and defense, War Department, act July 1, 1918.	250,000.00	75,457.39	41,047,617.83		11,533,362.53
Ordnance stores and ammunition, act July 9, 1918.	1,062,552.62	54,202.02	27,975.56		146,567.05
Ordnance stores and supplies, acts June 15, 1917, Mar. 28, 1918, and July 9, 1918.	30,837,658.12	1,618,920.38	788,418.37		219,571.65
Repairs of arsenals, act July 1, 1918.	9,062,013.54	53,500.00	2,213,523.34		27,025,214.40
Small arms target practice, act June 15, 1917.	66,000.00	4,776.34	14,589.64		9,013,923.90
Chemical warfare service, act Nov. 4, 1918.	272.00		44,487.22		16,736.44
Total.	307,038,475.35	50,228,345.37	70,405,404.54	182,482,054.78	97,471,312.50

1 Estimated additional cash needs are for the following purposes: Administration, research, development, supplies, repairs, maintenance, and contingencies, \$2,492,064.78.

RECAPITULATION.

APPROPRIATIONS.

Titles.	Appropriations.	Disbursements made to Dec. 1, 1918.	Obligations incurred prior to Dec. 1, 1918, to be fulfilled.	Estimated additional cash needs balance fiscal year 1919.	Balance of reservations after deducting savings.	Balance of appropriation not required.
Chemical Warfare Service						
Bureau of Aircraft Production	\$207,068,475.35	\$50,228,345.37	\$70,405,404.54	\$2,492,054.78		\$183,932,610.66
Signal Corps	1,490,067,766.00	638,248,359.47	358,361,742.27	100,257,664.26		402,000,000.00
Medical Department	461,188,948.09	227,706,467.97	45,766,133.41	4,509,136.08		83,373,200.04
Division of Military Aeronautics	192,304,758.00	253,221,455.52	141,366,031.27	12,461,317.48		51,146,513.78
Corps of Engineers	1,533,200,000.00	461,991,644.37	46,050,000.00	31,467,026.42		61,532,928.18
Quartermaster Corps	12,265,405,810.10	5,262,197,115.53	1,001,316,676.08	20,450,089.83		1,712,186,478.48
Ordnance Department	7,900,846,665.40	3,157,200,406.78	2,106,894,967.11	2,261,526,062.03		3,740,306,157.46
Total.	21,235,420,200.35	9,806,057,001.41	1,221,740,236.90	2,433,101,090.88	80,413,183.76	6,740,884,108.80

1 Engineer, negative balance not taken off, \$2,841,231.90.

	Authorized.	Obligations less canceled contracts.	Balance of reserva- tions after deducting savings.	Balance of authorizations not required.
Bureau of Aircraft Productions.....				
Division of Military Aeronautics.....				
Signal Corps.....	\$45,000,000.00			\$45,000,000.00
Chemical Warfare Service.....	150,000,000.00			150,000,000.00
Medical Department.....	65,000,000.00			65,000,000.00
Engineer Corps.....	200,000,000.00			200,000,000.00
Quartermaster Corps.....	15,750,000.00			15,750,000.00
Ordnance Department.....	8,045,559,862.00	\$280,781,051.16	\$50,499,316.14	7,714,279,294.70
Total.....	8,521,309,862.00	280,781,051.16	50,499,316.14	8,190,029,294.70
Total balance of appropriations not required.....				\$6,740,884,193.30
Total balance of authorizations not required.....				8,190,029,294.70
Grand total.....				14,930,913,488.00

SECOND DEFICIENCY APPROPRIATION BILL, 1919.

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Statement of amounts of money appropriated

Appropriation title.	Authorizations not yet covered by appropriations.	Total amount appropriated, including authorizations.	Expenditures to Nov. 1, 1918.	Unexpended balance Nov. 1, 1918.	Unpaid obligations Nov. 1, 1918.	Unobligated balance or estimated over- obligations Nov. 1, 1918.
SECRETARY'S OFFICE.						
Pay, miscellaneous.....	\$8,535,500.00	\$8,680,908.42	\$145,408.42	\$3,347,284.04	\$5,492,862.46
Contingent, Navy.....	246,000.00	178,376.48	67,623.52	402.67	67,220.85
Care of lepers, Isle of Guam.....	40,000.00	31,544.56	8,455.44	3,190.53	15,254.81
Aviation, Navy.....	281,516,118.00	68,580,468.89	212,935,660.11	102,510,928.06	110,424,734.06
Increase of the Navy, construction and machinery.....	\$400,000,000.00	483,123,000.00	23,832,680.25	469,270,369.75	136,532,865.48	312,737,834.27
Increase of the Navy, torpedo boats.....	30,700,000.00	104,028,280.00	26,037,138.87	77,991,140.13	33,383,235.48	42,897,864.55
Increase of the Navy, torpedo boat destroyers.....	330,000,000.00	126,243,648.08	220,751,354.92	235,387,234.92	112,635,800.00
Improving and equipping navy yards for construction of ships.....	23,570,000.00	6,895,702.24	16,764,297.76	5,662,389.68	11,071,908.08
Expenses, civilian consulting board.....	200,000.00	89,418.11	109,581.89	.....	109,581.89
Investigation of fuel oil.....	120,000.00	19,235.40	100,764.60	685.00	100,089.60
State marine school.....	125,000.00	.....	125,000.00	.....	125,000.00
Basic patents for aircraft.....	1,000,000.00	.....	1,000,000.00	.....	1,000,000.00
Naval emergency fund.....	315,000,000.00	225,404,983.77	89,595,016.23	186,159,812.11	196,804,775.88
Temporary concrete office buildings.....	7,265,000.00	5,826,700.34	1,438,299.66	309,391.94	1,128,907.72
Total, Bureau of Secretary's Office.....	430,700,000.00	1,584,768,800.00	494,749,773.51	1,090,019,125.49	723,366,947.90	366,352,177.59

1 Deficit.

Statement of condition of naval appropriations made since Mar. 2, 1917, as of Nov. 1, 1918—Continued.

Appropriation title.	Estimated savings by contract cancellations of obligations existing Nov. 1, 1918.	Percentage and estimated savings of obligations existing Nov. 1, 1918.	Estimated savings (work contemplated not to be done) of unobligated balances existing Nov. 1, 1918.	Percentage estimated savings of unobligated balances.	Total estimated savings or reductions.	Percentage total estimated savings of unexpended balance.
SECRETARY'S OFFICE.						
Pay, miscellaneous.....			1 \$7,148,502.72	49 per cent.	1 \$7,148,502.72	42 per cent.
Aviation, Navy.....	\$34,866,541.00	34 per cent.	54,789,123.32		89,645,664.32	
Increase of the Navy, torpedo boat destroyers.....		13 per cent.			1,000,000.00	
Basic patents for aircraft.....			16,580,178.81		133,313,872.07	
Naval emergency fund.....	46,710,725.00	25 per cent.				
Total, Bureau of Secretary's Office.....	81,577,266.00		65,210,799.41		50,183,289.53	
NAVIGATION.						
Appropriation title.	Authorizations not yet covered by appropriations.	Total amount appropriated, including authorizations.	Expenditures to Nov. 1, 1918.	Unexpended balance Nov. 1, 1918.	Unpaid obligations Nov. 1, 1918.	Unobligated balance or estimated over-obligations Nov. 1, 1918.
Contingent navigation.....		\$40,000.00	\$23,313.60	\$16,686.40	\$20,034.53	1 \$3,348.13
Transportation navigation.....		18,431,348.03	11,068,155.64	7,363,192.36	174,807.20	7,188,365.16
Gunners and engineering exercises.....		850,000.00	527,765.89	322,234.11	322,234.11	
Arming and equipping Naval Militia.....		1,527,617.70	873,193.48	654,424.22	218,596.47	435,827.75
Outfits on first enlistment.....		36,138,980.00	17,550,968.62	18,587,961.38	3,703.45	18,584,247.93
Instruments and supplies.....		9,693,240.00	2,669,284.05	6,993,953.95	692,668.87	6,301,285.08
Ocean and lake survey.....		310,000.00	97,832.39	212,117.61	15,157.80	196,959.81
Naval Training Station, R. I.....		550,000.00	375,252.19	174,747.81	279,187.49	1104,699.64
Naval training station, St. Helena, Va.....		300,000.00	138,107.05	251,892.95	242.00	251,650.95
Naval training station, Great Lakes, Ill.....		921,400.00	502,452.30	418,947.70	85,462.77	333,484.93
Naval Training Station, Cal.....		417,000.00	309,775.45	107,224.55	3,736.30	103,488.25
Naval War College.....		77,700.00	87,464.08	46,246.92	7,264.82	32,981.10
Pay, Naval Academy.....		1,050,006.40	501,222.70	548,783.70		548,783.70
Current and miscellaneous expenses, Naval Academy.....		150,800.00	51,136.88	99,663.12	12,423.19	87,240.93
Maintenance and repairs, Naval Academy.....		1,106,992.00	712,857.12	397,134.88	21,025.00	375,509.70
Organizing Naval Reserve Force.....		630,000.00	1,104.16	134,395.84		134,395.84
			470,966.56	159,033.45	60,334.07	98,698.44

Reserve Force.....	700,000.00	74,395.43	625,604.57	21,108.76	604,495.81
Recreation for enlisted men of the Navy.....	1,419,228.84	847,374.51	571,854.33	57,467.01	514,387.32
Recruiting, Navigation.....					
Total, Bureau of Navigation.....	79,853,472.94	38,577,638.34	41,275,834.60	2,379,366.16	38,896,468.44
Emergency fund.....	5,101,000.00	2,978,784.39	2,122,215.61	466,135.28	1,656,080.33
NAVIGATION.					
Contingent, navigation.....		1 \$5,000.00		1 \$5,000.00	
Transportation, navigation.....		1 630,235.04		1 630,235.04	
Outfits on first enlistment.....		6,388,870.23		1 6,388,870.23	
Instruments and supplies.....		4,000,000.00		4,000,000.00	
Naval Training Station, R. I.....		1 450,000.00		1 450,000.00	
Naval training station, St. Helena, Va.		1 610,278.35		1 610,278.35	
Naval training station, Great Lakes, Ill.		1 1,650,000.00		1 1,650,000.00	
Naval Training Station, Cal.....		1 22,066.25		1 22,066.25	
Total, Bureau of Navigation.....		632,420.36		632,420.36	
Emergency fund.....		450,000.00		450,000.00	

NOTE.—In the hearings it was stated that if the deficiencies requested were granted a saving of \$450,000 could be made in the Naval Emergency Fund.

1 Deficit.

Percentage total
estimated savings
of unexpended
balance.

Percentage
estimated savings
of unobligated
balances.

Estimated savings
(work contemplated
not to be done) of
unobligated
balances existing
Nov. 1, 1918.

Percentage
and estimated
savings
of obligations
existing
Nov. 1, 1918.

Estimated
savings by contract
cancellations
of obligations
existing
Nov. 1, 1918.

Appropriation title.

NAVIGATION.

Total, Bureau of Navigation.

Emergency fund.

Statement of condition of navy appropriations made since Mar. 2, 1917, as of Nov. 1, 1918—Continued.

Appropriation title.	Authorizations not yet covered by appropriations.	Total amount appropriated, including authorizations.	Expenditures to Nov. 1, 1918.	Unexpended balance Nov. 1, 1918.	Unpaid obligations Nov. 1, 1918.	Unobligated balance or estimated over-obligations Nov. 1, 1918.
ORDNANCE.						
Ordnance and ordnance stores.....		\$98,247,759.00	\$37,412,502.57	\$60,835,256.23	\$42,062,941.45	\$18,772,314.68
Contingent, Ordnance.....		99,500.00	42,441.36	57,058.64	27,270.23	29,188.41
Repairs, Ordnance.....		30,000.00	1,327.32	28,672.68		28,672.68
Torpedo station, Newport, R. I.....		600,000.00	274,727.81	325,272.19	7,543.01	117,793.44
Naval gun factory, Washington, D. C.....		10,500,473.00	1,902,417.64	8,598,055.36	7,543.01	1,055,042.14
Experiments, Ordnance.....		455,000.00	115,616.20	339,383.80	68,264.82	301,118.98
New batteries for ships in the Navy.....	\$20,000,000.00	235,809,098.00	71,391,094.82	164,418,003.18	104,947,488.75	59,470,514.43
Torpedoes and appliances.....		22,291,280.00	3,198,801.13	19,092,478.87	7,150,390.23	11,342,088.64
Reserve ordnance supplies.....		145,417,460.00	60,989,040.75	84,428,419.25	54,381,230.65	30,047,168.00
Contingent, building fund.....		10,000.00	6,152.74	3,847.26		3,847.26
Antiaircraft guns and ammunition at naval stations.....		3,800,000.00	2,338,541.91	1,461,458.09	1,454,829.00	6,629.09
Increase of the Navy, ammunition.....	39,544,690.00	61,072,733.00		61,072,733.00	26,137,288.58	34,935,444.32
Increase of the Navy, armor and armament.....	76,371,064.00	140,551,064.00	1,596,817.18	138,954,246.82	77,117,746.91	61,836,499.01
Ammunition for ships of the Navy.....		3,500,000.00		3,500,000.00	2,953,844.30	646,155.42
Projectile plant, Navy.....		1,375,345.00	971,055.85	404,289.15	694,648.79	1,280,359.64
Armament and ammunition for Coast Guard cutters.....		159,500.00	5,569.49	154,021.51	74,447.48	79,574.03
Ammunition for vessels.....	11,000,000.00	292,330,508.00	87,345,588.94	114,984,919.06	79,590,572.91	35,394,746.15
Ammunition for auxiliaries and merchantmen.....		19,998,800.00	11,299,867.76	8,698,932.24	5,691,543.06	2,997,386.19
Navy mine depot.....		3,000,000.00		3,000,000.00	114,618.69	2,885,384.31
Navy nitrate plant.....		9,150,000.00		9,150,000.00	1,575,926.50	7,574,073.50
Fuel lands for armor and projectile plants.....		25,000.00	446.84	24,553.16		24,553.16
Increasing facilities for proof and test of ordnance material.....		1,000,000.00	94,165.87	905,834.13	43,451.96	860,382.17
Ammunition for merchant auxiliaries.....		7,031,941.00	5,067,435.71	2,634,505.29	1,265,146.95	1,368,354.34
Batteries for merchant auxiliaries.....		4,731,174.00	1,236,342.89	3,494,831.11	3,788,309.87	1,263,478.76
Total, Bureau of Ordnance.....	146,915,754.00	971,906,725.00	285,322,023.88	686,584,701.12	417,190,668.47	269,394,032.05

1 Deficit.

Appropriation title.	Estimated savings by contract cancellations of obligations existing Nov. 1, 1918.	Percentage estimated savings of obligations existing Nov. 1, 1918.	Estimated savings (work contemplated not to be done) of unobligated balances existing Nov. 1, 1918.	Percentage estimated savings of unobligated balances.	Total estimated savings or reductions.	Percentage total estimated savings of unexpended balance.
ORDNANCE.						
Ordnance and ordnance stores.....	\$541,216.00	1 per cent plus.....	\$4,633,873.00	24 per cent plus.....	\$5,175,088.00	8 per cent plus.
Contingent, Ordnance.....	.....	.....	10,000.00	34 per cent plus.....	10,000.00	17 per cent plus.
Experiments, Ordnance.....	.....	.....	125,000.00	41 per cent plus.....	125,000.00	33 per cent plus.
New batteries for ships in the Navy.....	30,305,287.00	28 per cent plus.....	30,000,000.00	50 per cent plus.....	60,305,287.00	36 per cent plus.
Torpedoes and appliances.....	.....	.....	7,000,000.00	58 per cent plus.....	7,000,000.00	36 per cent plus.
Reserve ordnance supplies.....	21,620,373.00	39 per cent plus.....	20,000,000.00	66 per cent plus.....	41,620,373.00	49 per cent plus.
Contingent, building fund.....	.....	.....	3,347.46	100 per cent.....	3,847.26	100 per cent.
Increase of the Navy, armor and armament.....	1,714,750.00	2 per cent plus.....	.....	.....	1,714,750.00	1 per cent.
Projectile plant, Navy.....	1,280,359.64	.....	.....	.....	1,280,359.64	.....
Armament and ammunition for Coast Guard cutters.....	.....	.....	79,574.03	100 per cent.....	79,574.03	51 per cent plus.
Ammunition for vessels.....	11,805,400.00	14 per cent plus.....	16,500,000.00	46 per cent plus.....	28,305,400.00	24 per cent plus.
Ammunition for auxiliaries and merchantmen.....	277,500.00	4 per cent plus.....	2,400,000.00	88 per cent plus.....	2,677,500.00	30 per cent plus.
Navy mine depot.....	.....	.....	.....	.....	.....	.....
Navy nitrate plant.....	966,887.40	60 per cent.....	7,335,014.00	97 per cent plus.....	8,311,881.00	90 per cent.
Fuel tanks for armor and projectile plants.....	.....	.....	24,513.16	100 per cent.....	24,513.16	100 per cent.
Increasing facilities for proof and test of ordnance material.....	.....	.....	1,300,000.00	.....	1,300,000.00	.....
Ammunition for merchant auxiliaries.....	1,550,000.00	40 per cent.....	1,263,478.76	94 per cent plus.....	1,260,521.24	49 per cent plus.
Batteries for merchant auxiliaries.....	.....	.....	.....	.....	.....	36 per cent plus.
Total, Bureau of Ordnance.....	68,481,003.36	.....	89,138,342.69	.....	157,619,346.05	.....

1 Defect.

Statement of condition of naval appropriations made since Mar. 2, 1917, as of Nov. 1, 1918—Continued.

Appropriation title.	Authorizations not yet covered by appropriations.	Total amount appropriated, including authorization.	Expenditures to Nov. 1, 1918.	Unexpended balance Nov. 1, 1918.	Unpaid obligations Nov. 1, 1918.	Unobligated balance or estimated over-obligations Nov. 1, 1918.
YARDS AND DOCKS.						
Maintenance, yards and docks.....		\$24,788,000.00	\$19,069,615.23	\$5,718,384.77	\$4,979,630.14	\$738,754.63
Repairs and preservation.....		10,225,000.00	7,848,470.62	2,376,529.38	552,991.35	1,823,538.03
Contingent, yards and docks.....		4,340,000.00	3,577,170.71	762,829.29	672,613.30	90,215.99
Emergency expenses, yards and docks.....		4,750,000.00	533,133.85	4,246,866.15	346,746.06	3,900,120.09
Marine Corps rifle range, Wintthrop, Md.		10,000.00	110,000.00			
Navy yard—						
Portsmouth, N. H.....		614,000.00	104,290.71	509,709.29		500,620.74
Boston, Mass.....		2,151,500.00	196,651.42	1,954,848.58	9,678.55	1,818,235.92
New York, N. Y.....		2,469,000.00	983,792.49	1,485,207.51	317,961.51	1,167,246.00
Philadelphia, Pa.....		3,855,000.00	817,912.92	3,037,087.08	2,293,029.00	764,068.08
Washington, D. C.....		8,161,000.00	3,973,329.41	4,188,270.59	2,453,502.34	1,732,768.25
Norfolk, Va.....		7,156,508.69	3,836,829.81	3,299,678.88	1,138,968.65	2,160,692.23
Charleston, S. C.....		4,757,000.00	219,302.67	4,537,697.33	19,150.92	4,518,546.41
Key West, Fla.....		510,000.00	30,072.63	2,525,000.00		2,525,000.00
New Orleans, La.....		3,455,000.00	1,459,713.62	2,004,286.38	96,067.00	413,930.27
Mare Island, Cal.....		2,045,500.00	375,406.67	1,472,093.33	136,685.86	1,908,023.63
Puget Sound, Wash.....						1,586,404.47
Naval station—						
Island of Guam.....		100,000.00	30,392.13	129,607.87	2,658.60	126,949.27
Manila, Cebu.....		234,000.00	26,096.19	205,910.81		207,910.81
Pearl Harbor, Hawaii.....		1,077,775.00	318,864.15	758,910.85	587,800.76	171,620.09
Naval training station—						
Rhode Island, buildings.....		423,000.00	19,546.30	403,453.70	29,987.00	373,466.70
California, buildings.....		165,000.00	25,009.76	129,990.24		139,900.24
Naval magazine—						
New England coast.....		135,000.00	105,000.00	30,000.00		30,000.00
New York Harbor.....		68,000.00	30,968.10	37,031.90	9,783.25	27,248.65
Fort Lafayette, N. Y.....		26,000.00		26,000.00		26,000.00
Dover, N. J.....		118,000.00	64,609.57	53,390.43	47,134.21	6,056.47
Fort Mifflin, Pa.....		602,700.00	117,115.88	390,584.12	67,657.90	389,926.22
Norfolk, Va.....		117,000.00	90,680.22	36,413.78	28,223.47	8,190.31
Mare Island, Cal.....		16,000.00	15,941.32	58.68		58.68
Puget Sound, Wash.....		49,600.00	40,607.96	8,992.04		8,992.04
Marine barracks—						
Norfolk, Va.....		25,700.00	19,394.95	6,315.05		6,315.05
Quantico, Va.....		475,000.00		475,000.00		475,000.00
Philadelphia, Pa.....		290,000.00	191,320.69	98,679.31	94,691.94	37,684.47
Mare Island, Cal.....		3,500,000.00	1,977,974.63	1,522,025.37	960,046.47	937,044.05
Pittsburg, Kan.....		4,020,000.00	3,864,246.34	1,035,753.66	178,170.91	1,714,411.41
Naval training station, Naval Academy		922,500.00		922,500.00		922,500.00

Naval proving ground, Indianhead, Md.	1, 160,000.00	291,746.46	938,253.54	544,277.55	393,975.99
Naval station, Tutuila, Samoa.	90,000.00	44,922.51	45,077.49	2,799.75	42,277.74
Marine recruiting station, Port Royal.	369,500.00	104,794.31	264,715.69	78,884.25	185,831.44
Navy aeroplane station, Pensacola, Fla.	345,000.00	202,622.70	142,377.30	25,966.21	116,411.09
Naval fuel depot, San Diego, Cal.	175,000.00		175,000.00	3,080.00	171,910.00
Torpedo station, Keyport, Wash.	18,000.00	15,814.63	175,185.37		185.37
Land for naval warehouses, South Brooklyn, N. Y.	659,085.90		659,085.90	658,000.00	1,085.90
Experimental and research laboratory.	500,000.00		500,000.00		500,000.00
Marine magazine, Charleston, S. C.	120,000.00	98,631.59	21,368.41	20,123.84	1,244.57
Marine barracks—					
Peking, China.	172,000.00	54,682.23	117,317.77	139,817.00	22,498.23
San Diego, Cal.	2,100,000.00	236,955.69	1,863,044.31	232,840.39	1,630,203.92
Torpedo storage facilities, Navy.	250,000.00		250,000.00		250,000.00
Lighting facilities, navy yards and stations.	2,000,000.00	152,685.05	47,314.95	2,124.00	45,190.95
Submarine base, New London, Conn.	2,090,000.00	1,277,799.06	812,200.94	610,361.70	201,338.24
Quarters for Marine Guards at naval magazines.	100,000.00	88,233.12	11,766.88	6,422.37	5,344.51
Submarine facilities, navy yards, and stations.	1,500,000.00	696,905.59	803,094.41	444,015.54	359,078.87
Power plants and distributing systems, navy yards and stations.	4,250,000.00	1,762,291.37	2,487,708.63	1,499,153.91	988,554.72
Ordnance storage.	3,000,000.00	2,499,859.39	500,140.61	483,217.85	16,922.76
Naval operating base, Hampton Roads, Va.	7,329,628.93	4,181,761.86	3,147,867.07	3,507,457.10	389,590.03
Hospitals and medical supply depots.	21,595,000.00	8,006,125.77	13,588,874.23	6,272,457.43	7,314,416.80
Handling appliances at navy depots.	450,000.00	60,862.76	389,137.24	332,617.24	56,520.00
Naval training camps.	58,810,807.61	30,336,251.12	28,474,556.49	16,177,797.94	12,296,758.56
Marine railways at navy yards.	375,000.00	74,996.18	300,003.82	301,372.99	1,369.17
Improvements at ordnance stations.	6,477,000.00	2,210,161.88	4,266,838.12	2,248,511.32	2,018,326.80
Temporary storage facilities, Navy.	5,700,000.00	1,353,192.96	4,346,807.04	277,356.72	4,069,450.32
Naval air station site, Cape May, N. J.	150,000.00		150,000.00		150,000.00
Naval hospital—					
Great Lakes.	20,000.00	20,000.00			
Portsmouth.	20,331.29	20,000.00	331.29		331,299.00
Reimbursement for damaged property, Indianhead.		755.01			
Temporary naval prison.	200,000.00	200,000.00			
Purchase of dry dock, Boston, Mass.	4,550,000.00		4,550,000.00		4,550,000.00
Total, Bureau of Yards and Docks.	219,117,992.43	104,140,605.57	114,977,398.86	49,231,725.09	65,745,661.77
Naval operating base, Hampton Roads, Va.		359,590.03		359,590.03	
Naval training camps.	1 per cent plus			257,885.00	1 per cent plus.
Marine railways at navy yards.		1,369.17		1,369.17	
Total, Bureau of Yards and Docks.		360,959.20		360,959.20	

1 Carried to surplus fund June 30, 1918.

* Deficit.

Appropriation title.	not yet covered by appropriations.	including authorizations.	Nov. 1, 1918.	balance, Nov. 1, 1918.	Nov. 1, 1918.	obligations, Nov. 1, 1918.
CONSTRUCTION AND REPAIR.						
Construction and repair.....		\$130,177,340.00	\$87,775,244.49	\$42,402,065.51	\$23,467,328.23	\$18,824,767.28
Construction plants at navy yards.....		400,000.00	138,666.65	261,333.35	96,306.05	165,024.30
Total, Bureau of Construction and Repair.....		130,577,340.00	87,913,911.14	42,663,425.86	23,563,634.28	19,089,791.58
Appropriation title.						
	Estimated savings by contract cancellations of obligations existing Nov. 1, 1918.	Percentage and estimated savings of obligations existing Nov. 1, 1918.	Estimated savings (not contemplated) of unobligated balances existing Nov. 1, 1918.	Percentage estimated savings of unobligated balances.	Total estimated savings or reductions.	Percentage total estimated savings of unexpended balances.
CONSTRUCTION AND REPAIR.						
Construction and repair.....	\$5,400,000.00	23 per cent plus.....	\$23,400,000.00		\$18,000,000.00	
Construction plants at navy yards.....						
Total, Bureau of Construction and Repair.....	5,400,000.00		\$23,400,000.00		\$18,000,000.00	
Appropriation title.						
	Authorizations not yet covered by appropriations.	Total amount appropriated, including authorizations.	Expenditures to Nov. 1, 1918.	Unexpended balance Nov. 1, 1918.	Unpaid obligations Nov. 1, 1918.	Unobligated balance or estimated over- obligations Nov. 1, 1918.
STEAM ENGINEERING.						
Engineering.....		\$107,230,500.00	\$65,292,324.12	\$41,938,175.88	\$13,562,608.89	\$28,375,566.99
Engineering experimental station, Annapolis, Md.....		273,000.00	182,134.52	90,865.48	11,316.86	79,548.62
Machinery plants at navy yards.....		190,000.00	190,000.00			
High-power radio stations.....		600,000.00	233,108.42	366,891.58	383,422.13	16,530.55
Machinery plant, navy yard, New York.....		1,420.33		1,420.33		1,420.33
Machinery plant, naval station, Hawaii.....		394.66	429.60	1,34.94		1,34.94
Total, Bureau of Steam Engineering.....		108,285,314.99	65,897,996.66	42,397,318.33	13,957,347.88	28,439,970.45

1 Deficit.

Appropriation title.	savings by contract cancellations of obligations existing Nov. 1, 1918.	and estimated savings of obligations existing Nov. 1, 1918.	(work contemplated not to be done) of unobligated balances existing Nov. 1, 1918.	Percentage estimated savings of unobligated balances.	Total estimated savings or reductions.	Percentage total estimated savings of unexpended balance.
MEDICINE AND SURGERY.						
Medical Department.....	.....	.....	\$1,976,118.08	.....	\$1,976,118.08	
Contingent, Medicine and Surgery.....	.....	.....	1,722,288.40	.....	1,722,288.40	
Bringing home remains of officers, etc., Navy Department.....	.....	.....	1,350,000.00	.....	1,350,000.00	
Care of hospital patients.....	.....	.....	1,098,321.00	.....	1,098,321.00	
Total, Bureau of Medicine and Surgery.....	.....	.....	3,144,725.48	.....	3,144,725.48	
MARINE CORPS.						
Reserve supplies, Marine Corps.....	.....	.....	9,677,200.00	66 per cent, plus	9,677,200.00	66 per cent plus.
Pay, Marine Corps.....	\$4,518,069.86	12.46 per cent.....	6,028,916.10	16 per cent plus	10,546,875.96	27.8 per cent.
Expenses, Marine Corps.....	.....	.....	.....	100 per cent.....	25,000.00	100 per cent.
Total, Marine Corps.....	4,518,069.86	.....	15,706,116.10	.....	20,249,175.96	

: Deficit.

Statement of condition of naval appropriations made since Mar. 2, 1917, as of Nov. 1, 1918—Continued.

RECAPITULATION.

Bureaus.	Authorizations not yet covered by appropriations.	Total amount appropriated, including authorizations.	Expenditures to Nov. 1, 1918.	Unexpended balance Nov. 1, 1918.	Unpaid obligations Nov. 1, 1918.	Unobligated balance or estimated over Nov. 1, 1918.
Secretary's office.....	\$430,760,000.00	\$1,584,768,899.00	\$494,749,773.51	\$1,090,019,125.49	\$723,356,947.90	\$396,652,177.59
Yards and Docks.....	5,150,000.00	219,117,992.43	104,140,605.57	114,977,386.86	49,231,725.00	65,745,661.77
Navigation.....		79,853,472.94	38,577,638.34	41,275,834.60	2,379,346.16	36,896,488.44
Ordnance.....	146,915,754.00	971,906,725.00	285,322,023.88	686,584,701.12	417,190,658.47	269,394,022.63
Construction and Repair.....		130,577,340.00	87,913,914.14	42,663,425.86	23,563,634.28	19,099,701.38
Engineering.....		108,285,314.99	65,897,996.66	42,387,318.33	13,967,347.98	28,439,970.45
Supplies and Accounts.....		628,019,481.42	392,876,479.84	235,141,001.58	77,497,260.12	157,643,741.46
Medicine and Surgery.....		23,915,078.00	13,144,819.18	10,770,258.82	12,312,680.78	1,457,567.22
Marine Corps.....		213,261,904.92	86,085,630.26	127,176,274.66	28,508,829.98	98,667,444.68
Total.....	582,760,000.00	3,959,716,208.70	1,568,710,881.38	2,391,005,327.32	1,348,008,470.56	1,042,996,856.76
Bureaus.	Estimated savings by contract cancellations of obligations existing Nov. 1, 1918.	Percentage estimated savings of obligations existing Nov. 1, 1918.	Estimated savings (work contemplated not to be done) of unobligated balances existing Nov. 1, 1918.	Percentage estimated savings of unobligated balances.	Total estimated savings or reductions.	Percentage total estimated savings of unobligated balance.
Secretary's office.....	\$81,577,265.00		\$65,210,799.41		\$80,183,299.53	
Yards and Docks.....	257,885.00		1,363,453.43		1,125,473.43	
Navigation.....			639,490.36		639,490.36	
Ordnance.....	68,481,003.36		89,138,342.69		157,619,346.05	
Construction and Repair.....	5,400,000.00		1,200,000.00		116,000,000.00	
Engineering.....	3,895,000.00		12,085,298.49		1,613,078.16	
Supplies and Accounts.....			119,383,272.62		119,383,272.62	
Medicine and Surgery.....			4,744,723.48		4,744,723.48	
Marine Corps.....	4,518,059.86		15,766,116.10		20,249,178.96	
Total.....	164,126,214.22		1,600,629,376.45		6,921,482.21	

Deficit.

The total of the estimated savings do not equal the difference between the two preceding columns, i. e., \$103,499,837.76, their being a discrepancy of \$96,578,355.55, cause—

(1) On the detail sheet covering items under the Secretary's Office instead of showing a saving under the "Emergency fund" on account of cancellations and abandonment of work contemplated of \$63,290,903.81, a deficiency of \$33,313,872.07 is shown, which accounts for \$96,604,775.88.

(2) The Bureau of Steam Engineering has excluded from the abandonment of work contemplated column an item of \$1,420.33.

(3) The Marine Corps has excluded from the abandonment of work contemplated column an item of \$25,000.

By adding the first amount to the "Total estimated savings or reductions" column and the last two items to the abandonment of work contemplated column, bearing in mind they are not deficiencies, the total of the column "Total estimated savings or reductions" will equal the difference between the sums of the two preceding columns.

WEDNESDAY, JANUARY 22, 1919.

MARINE CORPS.

STATEMENT OF BRIG. GEN. CHARLES L. McCAWLEY, QUARTERMASTER, MARINE CORPS.

MAINTENANCE.

(See pp. 591, 1196, 1204.)

The CHAIRMAN. General, in your absence and that of Gen. Barnett abroad a statement was presented to the committee on behalf of the Marine Corps as to the moneys that might be covered back into the Treasury as being unneeded with the cessation of the war, and it was estimated that there could be turned into the Treasury out of "reserve supplies," \$9,677,200, and out of "pay of the Marine Corps," \$9,683,874.15. I have received a letter from you of date January 13, in which you protest rather vigorously against the taking back of any of the money under the head of reserve supplies and suggest in lieu thereof that \$10,000,000 could be taken from "maintenance." When testimony was had in regard to "maintenance" it was denied by the service that anything could be surrendered out of "maintenance," and the committee was rather struck with the fact that in the desire to hold one fund the corps should suddenly discover that it could release the same amount out of another fund that they had testified they could not give up anything from. So we wanted, first, to ascertain if we could get \$10,000,000 from "maintenance," and then discuss with you the advisability of taking \$10,000,000 from reserve supplies.

Gen. McCawley. When Col. Lemly appeared before the committee the conditions were, of course, different from what they are now. It was not known at the time what the strength of the corps was going to be. We had estimated in our appropriations for this year on the basis of 82,000 men. When I got home, the war having practically been ended by the armistice, the estimates revised were ordered sent in to provide for 70,000 men. That was after Col. Lemly had testified. His testimony was based on the idea that we would have the full number of men in the corps for the balance of the fiscal year, and that therefore all the moneys which had been appropriated ought to be retained. With the reduction to 70,000 men I wrote you a letter saying that I thought \$10,000,000 could be given up from "maintenance."

The CHAIRMAN. Yes, sir. I want to take up the "reserve supplies" as a separate proposition, because I have some suggestions which may or may not agree with the views of the corps. It is my judgment, then, that because of the reduction in the number of troops out of the "maintenance" fund \$10,000,000 can be covered into the Treasury?

Gen. McCawley. Yes, sir.

PAY OF THE MARINE CORPS.

(See p. 587.)

The CHAIRMAN. That would presumably affect the pay of the Marine Corps also?

Gen. McCawley. Of course, I have nothing to do with pay. That is under Gen. Richards.

The CHAIRMAN. I understand. Your estimate is that \$9,600,000 could be covered into the Treasury. I should like to have a statement as to the amount of money that will be needed for "pay."

Gen. McCawley. The matter of "pay" is just a fixed figure.

The CHAIRMAN. I understand it. It is a fixed figure, depending upon the strength?

Gen. McCawley. Yes, sir.

The CHAIRMAN. And we do not want charged against Treasury funds any more money than is necessary.

Gen. McCawley. We do not want to keep them either. They are no use to us. They revert to the Treasury at the end of the year but it is probably preferable to you to take them back now and reappropriate them. We have always tried to play fair and we are going to continue to do so.

The CHAIRMAN. Will you please have sent us a memorandum due to a reexamination of the "pay" items, indicating what additional sums can come out by virtue of the reduction of the corps?

Gen. McCawley. Yes, sir; I will tell Gen. Richards. [See p. 1205.]

The CHAIRMAN. How many have you in the corps?

Gen. McCawley. About 63,000.

The CHAIRMAN. How fast are you demobilizing?

Gen. McCawley. Just as fast as we possibly can.

MAINTENANCE.

(See pp. 591, 1197, 1204.)

I will make another suggestion to you here this morning. Due to the demobilization which will take us down to probably 50,000 men by the 1st of July, if you will not touch the "reserve supplies" I can give you back some more money out of "maintenance."

The CHAIRMAN. How much money out of "maintenance" do you think can be spared?

Gen. McCawley. That will depend upon whether you touch the "reserve supplies" or not.

The CHAIRMAN. Why are they involved together?

Gen. McCawley. The reserve fund is a continuing appropriation and the only reason I say that you can take money from "maintenance" now is that owing to high market conditions we are not buying at the present moment and we are using up our stock in hand very fast, our reserve stock. That I should like to replace when market conditions are better by this reserve appropriation, which can be used at any time.

The CHAIRMAN. Why does maintenance have to be tied up with reserve supplies? Maintenance is to run you this year?

Gen. McCawley. Yes, sir.

The CHAIRMAN. And the reserve appropriation is to run you for a reserve stock?

Gen. McCawley. Yes, sir.

The CHAIRMAN. How much of "maintenance" do you need for the balance of this year? It does not seem to me at first flush that it is tied to the reserve appropriation. You do not get "reserve supplies" out of "maintenance"?

Gen. McCawley. No, sir; but if I thought you were going to take away all the balance of the reserve money I would want to prepare for that by buying extra quantities now. In clothing I have purchased a stock for only 54,000 or 55,000 men out of this year's appropriation.

The CHAIRMAN. You would not buy that out of "maintenance," only what you need for this year?

Gen. McCawley. Our whole appropriation is called "maintenance." We have several subheads. "Clothing" is one of the subheads. I would have to buy larger stocks of cloth now and put them aside to take care of conditions that will come later on.

The CHAIRMAN. You get an annual appropriation?

Gen. McCawley. Yes, sir.

The CHAIRMAN. Let us forget your reserve proposition. What we are concerned in now is how much money you need for "maintenance" for the balance of this year.

Gen. McCawley. I think I can give you back \$10,000,000 more, due to the reduction of the corps to 50,000 men by July 1.

The CHAIRMAN. \$20,000,000?

Gen. McCawley. Yes, sir; out of the "maintenance" appropriation.

RESERVE SUPPLIES.

(See p. 598.)

The CHAIRMAN. Assuming that as a fixed proposition, why should you want to maintain the moneys that you have in regard to "reserve supplies?"

Gen. McCawley. In order to buy stuff whenever we need it to keep up our reserve. We have not a reserve now.

The CHAIRMAN. Have you thought about this proposition—and it is a thing that I want to suggest to the corps, though it probably will meet with that disapproval that usually accompanies a suggestion of coordination and cooperation between services. The Quartermaster's Department of the Army has probably a reserve stock sufficient to take care of the Marine Corps three or four times over and practically everything that it can need.

Gen. McCawley. But their uniform is different.

The CHAIRMAN. I know they are different, but they are Uncle Sam's uniforms, for which Uncle Sam has spent a good deal of money and which we can not get money out of by salvaging. Why should not the Marine Corps, keeping its insignia, buy the surplus stock of the Army—uniforms, underclothing, shoes, and a dozen other articles that presumably are perfectly good?

Gen. McCawley. As far as shoes and underclothes are concerned we could do it perfectly well, and if the Army would give them to us,

we could adopt that suggestion. In regard to the outer uniform we must realize that there is a great deal of sentiment attached to the uniform, particularly the uniform of the Marine Corps. Our men would regret very deeply if they had to give up their Marine Corps uniform and take the Army uniform. I can assure you that there is a great deal of sentiment attached to the green color.

The CHAIRMAN. The green color is so recent that the sentiment cannot be very deeply imbedded in the Corps.

Gen. McCawley. It is the only uniform most of these men have ever had, and that is the reason they are interested in it and have sentiment about it. It is the only field uniform they ever fought in and they fought very successfully.

The CHAIRMAN. No one has the slightest desire to detract from the very unusual history of the Marine Corps. We all share the pride in their achievements both in the past and more recently their brilliant achievements in this war, but it seemed that it might be practicable to save the Government a considerable sum of money at a time when the saving of money is tremendously important to the Government. The dyes have been such that half the uniforms of the enlisted men have as many colors to them as Joseph's coat had. Why this sentiment should be so deep as to prevent the use of perfectly good material that the Army might have is one of the things that we wanted to inquire into.

Gen. McCawley. Of course, I do not know whether the Army would be willing to give them to us.

The CHAIRMAN. They might sell them to you out of their stock at cost to the Government and prevent the buying in the market of additional uniforms that are not needed, looking at all the service as a whole?

Gen. McCawley. We would then have to have the money to pay for them.

The CHAIRMAN. That may be. That brings up the question whether there might be a provision carried looking to the expenditure of this money in the purchase of stocks from Army stores.

Gen. McCawley. I should say that as far as everything but the outer uniform is concerned that might be done, but I think it would be very deeply regretted on the part of the Marine Corps, I am sure, and I think the Navy as well to see the Marine Corps discard their distinctive uniform.

The CHAIRMAN. How much money do you desire to expend out of "reserve supplies" in the way of uniforms, so that assuming that we concede your point touching the uniform, how much money would you want for that purpose?

Gen. McCawley. I would have to give you some figures on that. I think about \$2,000,000.

The CHAIRMAN. According to the testimony given before you have \$2,000,000 that you have spent out of this fund?

Gen. McCawley. Yes, sir.

The CHAIRMAN. And you have \$5,000,000 that you have obligated?

Gen. McCawley. And \$2,000,000 in addition to that.

The CHAIRMAN. \$9,000,000 all told?

Gen. McCawley. Yes, sir.

The CHAIRMAN. You never had this fund until very recently; you got it last year?

Gen. McCawley. We never had any reserve before.

The CHAIRMAN. How did you manage to keep up the splendid esprit de corps of the Marine Corps without it?

Gen. McCawley. We did it by a cheeseparing policy. In years of effort we were only able to accumulate reserve supplies in a corps of 10,000 men for 8,000 men, and the fact that we had those reserve supplies for 8,000 men for the Marine Corps when this war began avoided many of the troubles that the other branches of the service had in equipping its troops. The marines were equipped from the very start, and that they have always been equipped is due to the little reserve that we started with. That enabled us to catch our breath and hold on until we could buy sufficient supplies for the increased number of men who came into the corps by act of Congress.

The CHAIRMAN. That was because you were a small self-contained unit, and had none of the troubles that confronted the expansion of the Army?

Gen. McCawley. The relative expansion was very great. We jumped from 10,000 to 70,000 in several months.

The CHAIRMAN. But there is a difference between jumping from 10,000 to 70,000 and jumping from 100,000 to several million.

Gen. McCawley. Yes, sir; and the country was not prepared to give those stores to the Army.

The CHAIRMAN. The language by which you got the \$16,677,200 provides:

Toward the procurement of a reserve stock of clothing, arms, and equipment and other necessary military supplies, to be immediately available and to remain available until expended.

You have actually spent \$2,000,000 and have recently gotten, as I recall the testimony, \$5,000,000 more of obligations?

Gen. McCawley. We have a list of stores amounting to \$2,000,000 more since that testimony was given which is in addition to the \$5,000,000 of obligations.

The CHAIRMAN. You have not contracted for them?

Gen. McCawley. No, sir.

The CHAIRMAN. I am talking about your obligations. Your obligations amount to \$5,000,000, and so if this plan were abandoned now you would need to pay your debts to retain about \$5,000,000 and could give up \$9,000,000?

Gen. McCawley. And have nothing for the purchase of a reserve supply.

The CHAIRMAN. Without discussing the policy, I am trying to get at the financial statement. That is the situation?

Gen. McCawley. Yes, sir.

The CHAIRMAN. What equipment is there other than uniforms and outer garments that you should not be able to get from the Army—any?

Gen. McCawley. Yes; a great many different things.

The CHAIRMAN. Just state some of them.

Gen. McCawley. Many of our military supplies that we use in the garrison and in the field.

The CHAIRMAN. Is there any reason why you should maintain separate types?

Gen. McCawley. If we can buy any of these needed things from the Army we will do it; we will not buy them in the open market, but we must have money to pay for them unless the Army gives them to us.

The CHAIRMAN. It might be arranged so that the Army would supply you.

Gen. McCawley. If they will supply us those things without any transfer of appropriation, we will be only too delighted to take them. Most of our equipment is identical with the Army.

The CHAIRMAN. How much of the \$9,000,000 remains free and that is intended for supplies could be used in buying supplies from the Army or if the Army gave the supplies could be covered into the Treasury?

Gen. McCawley. We do not want to buy the supplies at the present moment.

The CHAIRMAN. Why?

Gen. McCawley. On account of present high prices. That is the reason I asked that the appropriation be made continuing.

The CHAIRMAN. But that was under a condition that has ceased to exist.

Gen. McCawley. No, sir; that appropriation was not a war measure.

The CHAIRMAN. I do not care whether it was not a war measure; it was a time when there was no reserve in the country. Now you have a situation in which the Army has supplies on hand more than ample to give you all the reserve you need to keep in stock.

Gen. McCawley. If they will give them to us for nothing, you can take all of this money back.

The CHAIRMAN. That is one thing that I want to find out, how much material you would expect to get out of this fund which is of a character that the Army can now supply you?

Gen. McCawley. Suppose we do not want it now—that we will not want it until next year?

The CHAIRMAN. Suppose we provide that the Army give to you now and you keep it as a reserve.

Gen. McCawley. We have not the storerooms.

The CHAIRMAN. Suppose we require that the Army keep it for you and that you may draw on it?

Gen. McCawley. Without a transfer of appropriation?

The CHAIRMAN. Either without a transfer of appropriation or by providing that this money shall be expended in buying from the Army what is needed.

Gen. McCawley. I have no objection if you provide that the money shall be used in procuring from the Army all of the supplies that we can use. There is no objection to that. I will do that, anyhow; but if you want to write it into the law, there is no objection.

The CHAIRMAN. Of this \$5,000,000 worth of contract obligations, how much of that rests with the Army?

Gen. McCawley. Some of it may.

The CHAIRMAN. Do you know?

Gen. McCawley. I can probably procure many of those things from the Army now. We have had the greatest difficulty in getting supplies from the Army during the war.

The CHAIRMAN. Of course. We are not complaining of your going into the market during the war, but now that the war is over, with these large surplus stocks on the part of the Quartermaster of the Army, we want to be assured to the extent that those stocks are available that they will be used.

Gen. McCawley. I can give you my word that they will be, and if that is not sufficient you can write it into the law. There can be no objection whatever to that. Wherever we can procure stores that we need from the military reserve stores of the Army we shall do it. There is no question about that whatever.

Mr. Sisson. Is there any difference in the cost of the uniforms?

Gen. McCawley. Not material.

Mr. Sisson. Any difference?

Gen. McCawley. I do not know what the Army pays for cloth, but practically the same as we do. I kept in very close touch with the Army purchasing system. I had an officer stationed in the War Industries Board and on the subcommittees of the board, and I knew exactly what the Army paid for every bit of cloth they bought. If our bids were not in accordance with those prices we made the bidders come down to the Army prices, and in a great many cases we got a lower price.

Mr. Sisson. I have noticed that the uniforms are somewhat variegated in colors. If you had the insignia of the Marine Corps on the collar and other distinctive marks for the officers on the uniform of the Army for the time being, while we are making a wonderful effort to try to pay our debts, could not the Marine Corps help us out a little with the esprit de corps in the corps in doing this? Patriotism is not only confined to the battlefield; there is patriotism at home in time of peace.

Gen. McCawley. Yes; but as I said to the chairman, as soon as the war is over we will abandon the field uniform entirely and return to our blue uniform. The Army uniform that you propose to turn over to us is a field uniform.

Mr. Sisson. I know it is. If the Government has all the uniforms we need and more besides, would it not be evidence of patriotism and love of the Treasury and love of the folks and love of the future of the Government to do what you can to keep the Treasury where every dollar issued will be received as a dollar?

Gen. McCawley. Unquestionably.

Mr. Sisson. Can not the Marine Corps help us out? I have been a great admirer of the Marine Corps and I want to continue.

Gen. McCawley. It is entirely without my power to say that I will do that because the uniforms of the Marine Corps are determined by regulations issued by the commandant of the corps and the Secretary of the Navy.

Mr. Sisson. I think that Mr. Daniels, the Secretary, is patriotic, and I have no doubt the other officer is.

Gen. McCawley. Gen. Barnett.

Mr. Sisson. Do you not think that they could use the uniform?

Gen. McCawley. There is no question that it could be done if ordered.

Mr. Sisson. Do you think it will affect in any wise the esprit de corps of the corps when each man had a consciousness in his heart that he was fulfilling a patriotic duty?

Gen. McCawley. I think it would. The esprit of the Marine Corps is one of its greatest assets and the uniform has much to do with this esprit.

Mr. Sisson. Then, it is a matter of uniform more than heart.

Gen. McCawley. I have a feeling that our men would deeply regret having to abandon the Marine Corps uniform.

Mr. Sisson. You do not abandon it, only for the time being.

Gen. McCawley. I think for a good many years.

Mr. Sisson. I do not know what boys you have, but if you will just say, "The Government has these uniforms and it is our duty to help use the uniforms and we want you boys to help us," it would seem to me that that would be putting the right spirit in the Corps.

Gen. McCawley. We are all expecting to have to go back to the blue uniform as soon as the war is over. We are not allowed to wear the field uniform, but if Congress says that we shall wear the blue uniform for the rest of time—

Mr. Sisson (interposing). We do not propose that you shall wear the uniform for the rest of time, but while getting this situation under hand. The uniform can not be used except by the Army and Marine Corps, and why not use it?

Gen. McCawley. It will be used to an enormous extent by the National Guard or whatever the organization is behind the Army.

MAINTENANCE.

(See pp. 591, 1197, 1198.)

The CHAIRMAN. Turning to the proposal you make now to surrender the sum of \$20,000,000 "maintenance," that is divided in the appropriation under various subheads, though the division becomes of little value, except as a method of tracing expenditures, by virtue of the provision at the end that it shall constitute one fund. Can you indicate to the committee the amounts that can be taken under these various heads that will make the \$20,000,000?

Gen. McCawley. \$10,000,000 from "clothing" and \$10,000,000 from "military stores."

The CHAIRMAN. Nothing from "provisions"?

Gen. McCawley. No, sir; I do not believe we could take anything from "provisions." We had an appropriation of \$15,000,000 for provisions for the whole year and we have only \$8,000,000 left, just about one-half for six months. We have the December bills yet to pay. That appropriation is running absolutely as scheduled.

The CHAIRMAN. You take the \$20,000,000, \$10,000,000 from "clothing" and \$10,000,000 from "military stores"?

Gen. McCawley. Yes, sir. In some of the appropriations we have a deficit already, "transportation and recruiting" and "repairs of barracks." We are going to have large deficits in these subheads.

The CHAIRMAN. They will be taken care of?

Gen. McCawley. By any balance that we may have left at the end of the year.

The CHAIRMAN. You are prepared, however, to give the \$20,000,000, treating the fund as a whole?

Gen. McCawley. Yes, sir. I indicated those two appropriations to take it from because I keep strict books on each one of these subheads of this appropriation; it is only the Treasury that treats it as one fund.

The CHAIRMAN. Will you have furnished us also the amount of money that can be covered under "Pay"?

Gen. McCawley. I will have that done; I will have Gen. Richards and you that information.

The CHAIRMAN. If I understand you, the amounts which are involved in the outer uniforms represent about \$2,000,000?

Gen. McCawley. Yes, sir; I think so. I say roughly that would about it.

REDUCTION OF MARINE CORPS.

(See p. 597.)

Mr. Sisson. How rapidly are you reducing the Marine Corps force?

Gen. McCawley. We are reducing it just as fast as we can, but no indication has been given to us yet of the intended withdrawal of any of our troops from Europe. A part of the marines over there are in the army of occupation in Germany, and I think the disposition on the part of the Government is to bring home the National Guard and the National Army units before the Regulars. It is a Regular's job over there now and they are going to keep them until the last.

The CHAIRMAN. How many troops have you over there?

Gen. McCawley. In France, between 25,000 and 30,000. There are forces in various other places, Haiti, Santo Domingo, Cuba, etc.

The CHAIRMAN. I know.

Gen. McCawley. We sent 31,000 to France.

The CHAIRMAN. And you have in the Corps something like 63,000?

Gen. McCawley. Yes, sir.

The CHAIRMAN. What do you expect to get it down to by July?

Gen. McCawley. We hope to get it down to 50,000. I do not know whether we will succeed or not.

The CHAIRMAN. How many marines have you in the United States?

Gen. McCawley. About 20,000.

The CHAIRMAN. That is where your reduction will take place, out of the 20,000?

HEADQUARTERS U. S. MARINE CORPS,
PAYMASTER'S DEPARTMENT,
Washington, D. C., January 23, 1919.

PAY, MARINE CORPS.

MY DEAR MR. CHAIRMAN: This office, in response to your oral request, transmits herewith a memorandum showing further savings that may be considered by your committee from the appropriations totaling \$69,667,476.92 under "Pay, Marine Corps" contained in act of March 2, 1917, and subsequent appropriation acts, the same being funds available for expenditure including June 30, 1919. At the recent hearing before your committee the undersigned proposed to surrender out of these appropriations the total sum of \$10,546,975.96. This was based upon the proposition that under the policy then announced the Marine Corps would be maintained from December 1, 1918, to June 30, 1919, at a strength of 70,000 enlisted men with officers in proportion.

Understanding now that this policy is to be changed and that the Marine Corps will be gradually reduced, until it attains a strength of 50,000 enlisted men, with officers in proportion, on July 1, 1919, it is now proposed to surrender an additional sum of \$3,645,000, making the total amount \$14,191,975.96 to be released from appropriations under "Pay Marine Corps" heretofore made for the period above described.

Revised sheets in duplicate, according to the official form, are inclosed herewith.

Very respectfully,

GEORGE RICHARDS,
Brigadier General, the Paymaster, U. S. Marine Corps.

HON. SWAGAR SHERLEY,
Chairman Committee on Appropriations, House of Representatives,
Washington, D. C.

Pay, Marine Corps, 1918 and 1919.

Appropriation.....	\$69,667,478.4
Total.....	\$69,667,478.4
Expenditures to Nov. 1, 1918.....	\$31,725,500.97
Unexpended balance Nov. 1, 1918.....	\$37,941,977.43
Unobligated balances Nov. 1, 1918.....	\$37,941,977.43
Estimated savings of obligations existing Nov. 1, 1918.....	\$4,518,059.85
Percentage estimated savings of obligations existing Nov. 1, 1918.....	12.17
Estimated savings of unobligated balances existing Nov. 1, 1918.....	\$9,673,916.20
Percentage estimated savings of unobligated balances.....	25.50
Total estimated savings.....	\$14,191,976.05
Percentage total estimated savings of unexpended balance.....	37.42

Gen. McCawley. Yes, sir. We have a lot of youngsters in the corps who enrolled for the duration of the war. Those boys are all being discharged just as fast as we can let them go. If they present any good reason for wanting to go, to pick up their education again, or if they have dependents to provide for, their discharges are granted just as fast as we can make the papers out. They are going at the rate of about 250 a day.

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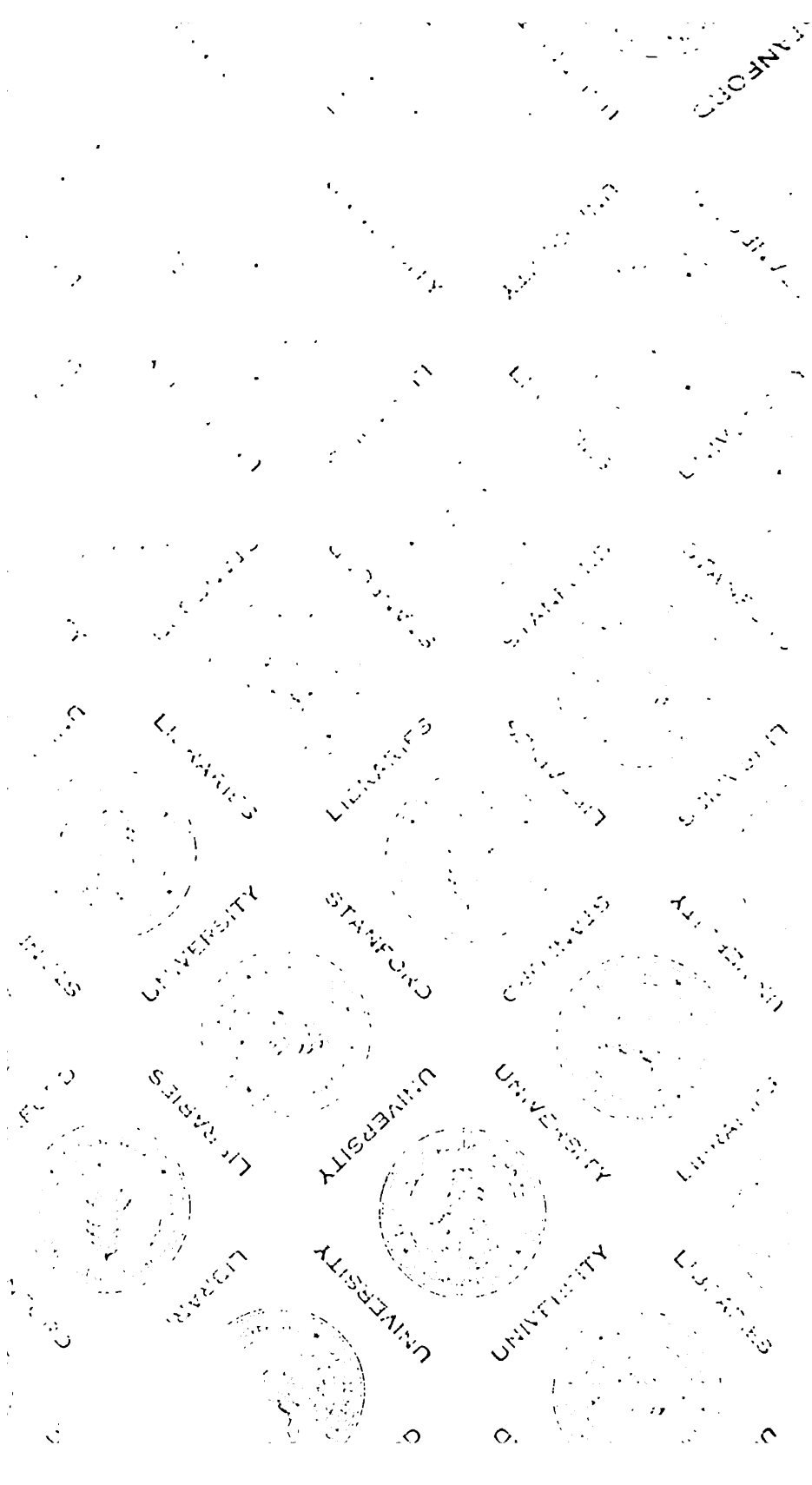
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